

Decorative Paint Incorporated

Terms and Conditions

1. **ACCEPTANCE.** This order becomes the exclusive agreement between the parties for the supplies, subject to the terms and conditions hereof, when accepted by acknowledgment or commencement of performance. Additional or different terms proposed by seller are hereby rejected, unless accepted in writing and signed by the VP of Operations or the Controller. No change in, modification of, or revision to this order shall be valid unless in writing and signed by Buyer. Shipment of any supplies, or performance of services, constitutes Seller's acceptance of all of the terms and conditions hereof, whether or not Seller has acknowledged this purchase order.
2. **DEFINITIONS.** As used herein, "subcontract" means either purchase order or subcontract and "supplies" means all articles, materials, work or services to be furnished by Seller under this order; "ASPR" means "Armed Services Procurement Regulation" as in effect on the date of this order.
3. **PACKING.** Unless otherwise specified, (1) all packing and crating by seller shall be in compliance with carriers tariffs and suitable containers for protection in shipment and storage, and (ii) the price or prices include all charges for Seller's packing and crating, and for transportation to the F.O.B. point.
4. **PRICE.** This Purchase Order shall not be filled at higher prices than specified herein. If price terms are omitted from the face hereof, the price of the supplies shall be the lower of (i) the price last quoted or paid (whichever is later), or (ii) the prevailing market price at the time of shipment. Unless otherwise provided herein, prices shown herein shall include all taxes not expressly imposed by law on the Buyer.
5. **QUALITY ASSURANCE AND CONTROL.**
 - a. Seller shall provide and maintain a quality system acceptable to Buyer.
 - b. All supplies ordered may be subject to (i) inspection or verification during the period of manufacture, (ii) inspection or verification prior to shipment, and (iii) final inspection and acceptance at destination, notwithstanding any prior payment or inspection and acceptance. Buyer may reject and hold at Seller's expense, subject to Seller's disposal, all supplies not conforming to applicable specifications, drawings, samples or descriptions. Without limiting any other rights Buyer may have, Buyer at its option may require sell (i) to repair replace at Seller's expenses any item of supplies ordered which fails to meet the requirements of applicable specification, drawings, samples or descriptions, or (ii) to refund the price of any such item. Rejecting supplies shall not be retendered to Buyer by Seller unless notification of such past rejection is submitted and verification rights shall extend to the Government if Government prime contract number or the word "Military" appears on the face of the order.
 - c. Seller shall perform PPAP on all items manufactured for Decorative Paint Incorporated. Such records shall be updated whenever drawings are revised or major changes occur in manufacturing processes or facility. PPAP records for Decorative Paint Incorporated's product shall be maintained on file at Seller's facility for a minimum of 3 years from the end of the program.
 - d. Right of Entry: Decorative Paint Incorporated customers and regulatory agencies shall be permitted to review and verify the quality of work, records and material at seller's facility, or seller's subcontractors at any time.

Decorative Paint Incorporated

Terms and Conditions

6. **DELIVERY – ADVANCE MANUFACTURING OR PROCUREMENT.** Delivery according to schedule is a major condition of this order. Seller shall not, without Buyer's prior written consent, manufacture or procure materials in advance of Seller's normal flow time or delivery in advance of schedule. In the event of termination or change, no claim will be allowed for any such manufacture or procurement in advance of such normal flow time unless there has been such prior written consent of Buyer.
7. **WARRANTY.** Seller warrants that all supplies furnished hereunder will be free from defects in material and workmanship, conform to applicable specifications, drawings, samples and descriptions, and if of Seller's design, be free from design defects. Unless otherwise specified in the Order, the supplies shall be new and not used or reconditioned, the supplies shall be merchantable and (if Seller knows or has reason to know of Buyer's intended purpose or use therefore) shall in all respects be suitable for the particular purpose or use for which they are purchased by Buyer. Seller shall indemnify and hold Buyer harmless from and against any and all damages, losses, demands, costs and expenses arising from claims of third parties due to Seller's breach of its warranties hereunder.
8. **CHANGES.** Buyer may at any time, by written notice and without notice to sureties and assignees, make changes within the general scope of this order in any one of the following: (i) drawings, designs or specifications, (ii) method of shipping or packing, (iii) place of inspection, acceptance or point of delivery, (iv) delivery schedule. Should any such change increase or decrease the cost of, or the time required for, performance of this order, an equitable adjustment may be requested by Seller or Buyer in the price, delivery schedule or both. No claim by Seller for such adjustment will be valid unless submitted to Buyer within thirty (30) days from date of such change. The claim should be accompanied by an estimate of charges for redundant material, work in process, or both. Any claim for the cost of redundant material or work in process will be required to be submitted in writing and will not be valid unless submitted within two (2) months from the date of such change. Nothing contained in this clause shall relieve Seller from proceeding without delay in the performance of this order as changed.
9. **RESPONSIBILITY FOR PROPERTY.**
 - a. Seller shall be liable for any loss or destruction of or damage to property of Buyer caused by the negligence or wrongful acts or omissions of Seller, its representatives, agents or employees. Seller shall include nothing in its prices for direct damage insurance on property of Buyer, as Buyer for its sole benefit insures such property.
 - b. Seller shall be liable for any loss or destruction of or damage to government property furnished to Seller by the Government or Buyer and shall be responsible for returning any such property in as good condition as when received, except for reasonable wear and tear or for the utilization of it in accordance with the provisions of this order.
10. **INDEMNIFICATION.** In the event Seller, its employees, agents, subcontractors and/or lower-tier subcontractors enter premises occupied by or under the control of Buyer or third parties in the performance of this order, Seller shall indemnify and hold harmless Buyer, its officers and employees from any loss, cost, damage, expense or liability by reason of property damage or personal injury to any person, including Seller's employees, whatsoever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or in part by the actions or omissions of Seller, its employees, agents, subcontractors and/or lower-tier subcontractors. Without in any way limiting the foregoing

Decorative Paint Incorporated

Terms and Conditions

- undertakings, Seller and its contractors and lower-tier subcontractors shall maintain public liability and property damage insurance in reasonable limits covering the obligations set forth above, and shall maintain proper Workmen's Compensation Insurance covering all employees performing this order.
11. **USE OF BUYER'S DATA.** Seller shall not use or disclose to third parties any data, designs, or other information belonging to or supplied by or on behalf of Buyer, except in the performance of orders for Buyer or the Government where the Government has such rights. Upon Buyer's request such data, designs, or other information and any copies thereof shall be returned to Buyer. Notwithstanding any other provisions of this order, to the extent the Government has received from Buyer the right to authorize such use by Seller, Seller may utilize Buyer's data and information in the manufacture of articles for direct sale to the Government, provided however that Seller shall (i) give Buyer prior written notice of each such proposed use, (ii) prominently, to the extent possible, each article as being manufactured by Seller in the performance of orders for the Government and (iii) make no claim against Buyer which arises out of user by Seller of such data and information. Where Buyer's data, designs, or other information are furnished to Seller's suppliers for procurement of supplies by Seller for use in the performance of Buyer's orders, Seller shall insert the substance of this provision in its order.
 12. **ASSIGNMENT.** Neither this order or any duty or right under it shall be delegated or assigned by Seller without the prior written consent of Buyer, except that claims for moneys due or to become due under this order may be assigned to a bank, trust company or other financing institution, including any federal lending agency by Seller without such consent, Buyer shall be furnished with two signed copies of any such assignment. Payment to be assignee of any such claim shall be subject to setoff or recoupment for any present or future claim or claims which Buyer may have against Seller except to the extent that any such claims are expressly waived in writing by Buyer. Buyer reserves the right to make direct settlements and/or adjustment in price with Seller under the terms of this order notwithstanding any assignment of claims for moneys due or to become due hereunder and without notice to the assignee.
 13. **EQUAL OPPORTUNITY.** The Equal Opportunity clause in Section 202 of E.O. 11246, as amended and the implementing rules and regulations (41 CFR Pat 60) are incorporated herein by reference, unless this order is exempted rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of E.O. 11246 or provisions of any superseding E.O. As used in said clause, "contractor" means "Seller". Unless this order is so exempted, the applicable Equal Opportunity Compliance Certificate previously submitted by Seller to Buyer is by reference also incorporated herein.
 14. **LABOR DISPUTE.** Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, Seller shall immediately give notice hereof to Buyer, Seller shall insert the substance of this provision in its orders issued hereunder.
 15. **GOVERNING LAW.** The Purchase Order and the contract between the parties evidenced hereby shall be deemed made in the State of Ohio and shall be construed and interpreted solely in accordance with the laws of such State.
 16. **RELEASE OF INFORMATION.** No news release, public announcement, denial or confirmation of same or any part of the subject matter of this Purchase Order or any phase of

Decorative Paint Incorporated

Terms and Conditions

- this Purchase Order shall be made without the prior written approval of Buyer (Buyer's Public Relations organization).
17. **OCCUPATIONAL SAFETY AND HEALTH ACT.** Incorporated in this purchase order by reference thereto are all laws, interim and permanent standards, rules and regulations of the Occupational Safety and Health Act and all State and federal laws and regulations relating to safety and health standards. By acceptance of this purchase order Seller agrees to furnish only supplies, articles, services and equipment which comply with such laws, standards and regulations and agrees to hold Buyer harmless from any liability arising from the failures of such purchased supplies, articles or services to comply with such laws, standards and regulators.
 18. **PRODUCT APPROVAL REQUIREMENTS.** Seller will perform PPAP for the end item, details and subassemblies constituting the end item where requested by the buyer. Seller's PPAP records will provide objective evidence of 100% dimensional inspection, documented with engineering drawing dimensions, tolerances and inspection results as requested by the buyer. Actual measured dimension results will be expressed in quantitative terms and in the unit of measure specified by the drawing, digital model or specification. Seller's PPAP report shall include a Certification of Conformance attesting that applicable drawing notes and process requirements have been accomplished as required. Seller will include a copy of PPAP report each time a new part number is made by Seller and a Certification of Conformance with each shipment of deliverable goods where requested by the buyer. Seller shall include with each shipment a certification attesting that material, processes including applicable inspection processes and finished items were controlled and tested in accordance with requirements of this contract and applicable specifications and that such records are on file or that materials used were supplied by Buyer.
 19. **CHANGE IN QUALITY SYSTEM PROCEDURES.** Seller shall immediately notify Authorized Procurement Representative in writing of any change to its quality of its goods or services. Each change to Seller's quality control system is subject to review by Buyer.
 20. **MATERIAL REVIEW AUTHORITY.** Seller shall not use the disposition "use-as-is" or "regrade" on Buyer goods and services.
 21. **CONTROL OF CHANGES.** Seller agrees not to make any changes in materials or designed details that would affect the part or any component part thereof with regard to (A) part number identification, (B) physical or functional interchangeability, or (C) repair and overhaul procedures and processes and material changes that affect these procedures, without prior approval of Buyer.
 22. Buyer shall flow down quality requirements to the extent necessary, to ensure that characteristics not verifiable upon receipt are adequately controlled by the subcontractor. These flow down requirements shall include all drawings, specifications, process requirements, inspection instructions, test specimens requirement and quality clauses listed in the Purchase Order Terms and Conditions.
 23. All above terms and conditions supersede any and all terms and conditions on supplier invoices and / or quotations.