

SUPPLEMENTAL PURCHASE ORDER TERMS AND CONDITIONS TO FIXED PRICE PURCHASE ORDERS/SUBCONTRACTS

In the event this order is issued for material and/or work required by Buyer for the performance of a contract with a department or agency of the Department of Defense (DOD) or a subcontract of any tier under such DOD contract as noted on the face of this order, the following supplemental terms and conditions shall be applicable. These supplemental terms and conditions are in addition to and not in lieu of nor in derogation of any "other" terms and conditions of this order; however, in the event that any supplemental term or condition is determined to be inconsistent with any printed general term and condition, the supplemental term or condition shall govern.

1. Inspection

All material and work including raw materials, components and end products shall be subject to inspection and test by the Buyer and the Government to the extent practicable at all times and places, and the plants of Seller and its subcontractors of any tier shall be subject to inspection by Buyer and the Government. The exercise of the rights of inspection and test, however, shall in no way relieve Seller of its obligation to furnish all material and work in strict accordance with this order. In case any material or work is found to be defective, Buyer shall have the right, without prior consent to reject the same or require that it be corrected or replaced promptly. If inspection and test are made on the premises of Seller or any subcontractor of Seller, Seller or such subcontractor shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and test required. All inspection tests shall be performed in such manner as not to delay.

2. Approval of Subcontracts

Unless Buyer otherwise advises Seller in writing, all subcontracts for the articles, or work covered by this order must have prior approval by the Buyer and if required by the Government, by the Government Contracting Officer.

3. Government Furnished Property

If any Government property is furnished Seller in connection with performance of this order, title thereto shall remain in the Government and the Government shall have access thereto at all reasonable times. Seller shall return such property in the condition in which it was received, except for reasonable wear and tear and except to the extent that such property has been incorporated into articles delivered under this order or has been consumed in normal performance of this order.

Seller shall comply with provisions of the Manual for control of Government Property in Possession of Contractors. FAR Part 45, which said part is hereby incorporated herein by reference.

4. Subcontract Surveillance

Subject to all applicable military security regulations, authorized representatives of Buyer and/or its customer (with the concurrence of Buyer), shall have access to the subcontractor's facilities in order to review progress, discuss problems/failures and witness testing pertaining to the requirements of this subcontract. The subcontractor shall provide adequate information on subcontract performance in response to reasonable requests by Buyer and/or its customer.

5. Government Visits

The Government and/or its designated representative(s) shall be permitted to visit the seller with respect to this subcontract only

after arrangements have been made with Buyer's subcontract administrator/specialist or buyer.

6. Applicable Law and Disputes

Notwithstanding any other provisions of this purchase order, if a dispute should arise hereunder which cannot be resolved by agreement of the parties, the following procedure shall be followed:

(a) If the dispute is one which falls within the Disputes clause of the buyer's prime contract with the U.S. Government, Buyer will request promptly a final decision of the Contracting Officer for such prime contract, which decision, if, and to the extent, it is finally binding upon Buyer under such prime contract, shall in turn be binding upon Buyer and Seller under this purchase order, provided, however, that (i) Buyer shall provide Seller with a copy of such decision within twenty (20) days from the date of its receipt by Buyer, and (ii) if Seller disagrees with such decision, and if Buyer elects not to appeal such decision on its own behalf, Seller shall have the right to take a timely appeal of such decision in Buyer's name either to the appropriate board of contract appeals or to the United States Claims Court. Buyer will lend reasonable assistance in connection with such appeal by Seller, at Seller's request, and Seller shall control the prosecution of such appeal and shall bear all costs thereof. Seller shall keep Buyer informed of the progress of any such appeal by forwarding to Buyer copies of all pertinent documents.

(b) If Buyer elects to appeal a decision made by the Contracting Officer under such prime contract, which decision is related to this purchase order, Seller shall, upon Buyer's request, provide such information as is reasonably required in support of Buyer's appeal.

(c) For all appeals, whether taken by Buyer or by Seller in Buyer's name in which Seller seeks to recover for itself one hundred thousand dollars (\$100,000) or more, Seller will certify that (i) the claim is made in good faith, (ii) the supporting data is accurate and complete to the best of Seller's knowledge and belief, and (iii) the amount requested accurately reflects the price adjustment for which Seller believes the Government is liable.

(d) Pending final adjudication of any such appeal or dispute, Seller shall proceed diligently with performance hereunder.

(e) Any dispute not disposed of in accordance with the preceding provisions, if not resolved by agreement of the parties, may be settled by recourse to appropriate legal remedies.

7. Clauses Incorporated by Reference

This Purchase Order incorporates the following clauses by reference, with the same force and effect as if they were given in full text. The following Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) clauses as in effect and as modified by Federal Acquisition Circulars and Defense Acquisition Circulars respectively, on the date of the prime contract

set forth on the face of this order, are hereby incorporated by reference and made a part hereof.

Wherever the words "Contracting Officer" and "Government" appear throughout these provisions, they shall be deemed to mean "Windmill International, Inc." unless by obvious interpretation they should remain "Government and "Contracting Officer". Wherever the word "Contractor" appears, it shall mean "seller" or "subcontractor".

I. FAR (48 CFR Chapter 1) Clauses:

A. GENERAL

- 52.203-3 Gratuities
- 52.203-5 Covenant Against Contingent Fees
- 52.203-6 Restrictions on Contractor Sales to the Government
- 52.203-7 Anti-Kickback Procedures
- 52.204-2 Security Requirements
- 52.212-13 Stop-Work Order
- 52.212-15 Government Delay of Work
- 52.215-14 Integrity of Unit Prices (except para. (b))
- 52.222-1 Notice to the Government of Labor Dispute
- 52.222-4 Contract Work Hours and Safety Standards Act - Over-time Compensation
- 25.222-41 Service Contract Act of 1965
- 52.223-3 Hazardous Material Identification and Material Safety Data
- 52.225-13 Restrictions on Certain Foreign Purchases
- 52.242-15 Stop Work Order
- 52.244-6 Subcontracts for Commercial Items
- 52.245-2 Government Property(Fixed Price Contracts)
- 52.246-1 Contractor Inspection Requirements
- 52.247-63 Preference for U.S. Flag Air Carriers

B. ALL ORDERS OVER \$2500

- 52.211-15 Defense Priority and Allocation Requirement
- 52.222-36 Affirmative Action for Workers with Disabilities

C. ALL ORDERS OVER \$10,000

- 52.215-2 Audit and Records - Negotiation
- 52.219-8 Utilization of Small Business Concerns
- 52.222-20 Walsh Healy Public Contracts Act
- 52.222-21 Prohibition on Segregated Facilities
- 52.222-26 Equal Opportunity (para (b)(1) through (b)(11) only)
- 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
- 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans

D. ALL ORDERS OVER \$25,000

- 52.223-6 Drug-Free Workplace
- 52.227-1 Authorization and Consent
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
- 52.229-3 Federal State and Local Taxes
- 52.244-5 Competition in Subcontracting

- 52.246-2 Inspection of Supplies - Fixed Price
- 52.246-16 Responsibility for Supplies
- 52.246-23 Limitation of Liability
- 52.249-8 Default

E. ALL ORDERS OVER \$100,000

- 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
- 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity
- 52.203-12 Limitations on Payments to Influence Certain Federal Transactions
- 52.223-14 Toxic Chemical Release Reporting
- 52.249-2 Termination for Convenience of the Government (in para (d) change "1 year" to "6 months")

F. ALL ORDERS OVER \$500,000

- 52.215-10 Price Reduction for Defective Cost or Pricing Data
- 52.215-11 Price Reduction for Defective Cost or Pricing Data - Modifications
- 52.215-12 Subcontractor Cost or Pricing Data
- 52.215-13 Subcontractor Cost or Pricing Data - Modifications
- 52.215-15 Pension Adjustments and Asset Reversions
- 52.215-18 Reversion or Adjustment of Plans for Post Retirement Benefits (PRB) Other Than Pensions
- 52.215-19 Notification of Ownership Change
- 52.219-9 Small Business Subcontracting Plan
- 52.222-24 Preaward On-Site EEO Compliance Evaluation (over \$10 million)
- 52.230-2 Cost Accounting Standards (delete para (b))
- 52.230-3 Disclosure and Consistency of Cost Accounting Practices (delete para (b))
- 52-230-6 Administration of Cost Accounting Standards

II. DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (48 CFR Chapter 2) Clauses (DOD FAR)

A. GENERAL

- 252.215-7000 Pricing Adjustments
- 252.225-7001 Buy American Act and Balance of Payments Program
- 252.225-7002 Qualifying Country Sources as Subcontractors
- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings
- 252.225-7025 Restriction on Acquisition of Forgings
- 252.227-7013 Rights in Technical Data – Non Commercial Items (Applies to Non SBIR Program Only)
- 252.227-7014 Rights in Noncommercial Computer Software Documentation (Applies to Non SBIR Program Only)
- 252.227-7016 Rights in Bid or Proposal Information
- 252.227-7018 Rights in Noncommercial Technical Data and Computer Software – Small Business Innovation Research (SBIR) Program Only
- 252.227-7019 Validation of Asserted Restrictions- Computer Software
- 252.227-7030 Technical Data - Withholding of Payment

252.227-7037 Validation of Restrictive Markings on Technical
Data
252.231-7000 Supplemental Cost Principles
252.235-7003 Frequency Authorization
252.243-7001 Pricing of Contract Modifications
252.247-7023 Transportation of Supplies by Sea
252.247-7024 Notification of Transportation of Supplies by Sea
252.204-7008.1 EXPORT-CONTROLLED ITEMS (APR 2010)

B. ALL ORDERS OVER \$10,000

252.225-7012 Preference for Certain Domestic Commodities

C. ALL ORDERS OVER \$100,000

252.203-7001 Prohibition on Persons Convicted of Fraud or
Other Defense Contract-Related Felonies
252.209-7000 Acquisition from Subcontractors Subject to On-Site
Inspection Under the Intermediate-Range Nuclear
Forces (INF) Treaty
252.226-7001 Utilization of Indian Organizations and Indian-
Owned Economic Enterprises – DoD Contracts

E. ALL ORDERS OVER \$500,000

252.219-7003 Small Disadvantaged and Woman-Owned Small
Business Subcontracting Plan