

NORTHEAST SHIP REPAIR, INC.

STANDARD TERMS AND CONDITIONS

1. Amendments – Notice

No amendment, modification or supplement to this contract shall be binding unless it is in writing, signed by an officer or an officer's authorized representative. All notices under this contract shall be in writing and addressed to the Purchaser or Seller as the case may be, and directed to the individual specified on the face of this contract.

2. Assignment

Neither this contract nor any interest under it shall be assignable by Seller without the prior written consent of Purchaser. In such event, Purchaser shall promptly be furnished a signed copy of any such assignment. Payment to an assignee of any such claim shall be subject to a set off or recoupment for any present or future claim or claims which Purchaser may have against Seller, except to the extent that any such claim may be expressly waived in writing by Purchaser. Purchaser shall have at all times the right to make direct settlement and/or adjustments in price with Seller under the terms of this contract notwithstanding any assignments of claims for monies due or to become due hereunder and without notice to assignee.

3. Captions

Captions used in this contract are not part of this contract and are for convenience of reference only, and shall not affect the meaning or construction of any of its provisions.

4. Compliance with Laws

Seller agrees that all work performed incident to this contract and that all goods furnished under this contract shall conform with all applicable federal, state and local laws, regulations, ordinances, proclamations, demands, requisitions and executive orders, and all amendments thereto which may now or hereafter govern performance hereunder, all of which are incorporated herein by reference.

Seller warrants and agrees that it has used and will continue to use due diligence to ensure that during the performance of this contract no officer, employee, agent or other representative of Seller has made or will make any payment in violation of any applicable federal, state or local law or regulation, and all amendments thereto. Without in any way limiting the foregoing, Seller agrees to comply with all federal, state, and local laws, regulations, rules, directives, and attorney general opinions and their equivalents which require recordation and maintenance of records regarding the employment of individuals. Specifically, Seller agrees to keep all records required by the U.S. Department of Labor set out in 29 C.F.R. Part 1904.

Seller shall supply evidence of compliance as Purchaser may require and agrees to indemnify and hold Purchaser harmless and defend Purchaser with respect to any claims, actions or the like arising due to the Seller's failure to so comply.

5. Confidentiality

Seller shall, in the course of work hereunder, be exposed to and have access to information and data, which is considered the proprietary information of Purchaser and/or Purchaser's customer. Seller agrees that Seller, its agents and/or employees shall not, during the term of this contract or subsequent to the expiration thereof, disclose to any third party any information which Seller may acquire from or about Purchaser or its customer or any information related to the business of Purchaser or its customer; and Seller shall not use for his own benefit any such information or data. This restriction is not intended to extend to any information that is public knowledge or is made public by Purchaser. In the event of a breach by Seller, Purchaser shall have the right to bring an action for an immediate injunction (without posting bond) to enjoin the Seller from breaching this contract. Nothing in this clause shall waive any other rights or remedies that the non-breaching party may have against the breaching party.

6. Delivery and Schedule

Purchaser's production schedules are based upon the agreement that goods or services will be delivered to Purchaser or otherwise performed by the date specified on the face of this contract. **Time is of the essence in the performance of this contract**, and Seller agrees that it will complete all work no later than the date indicated in this contract. If Seller shall fail to make delivery or to render timely performance, Purchaser has the right to cancel, purchase elsewhere, and/or hold Seller accountable for any additional costs, charges, fees and damages incurred by Purchaser in addition to any and all other remedies available under law.

Seller shall suitably pack, mark and ship in accordance with its normal procedure, the requirements of common carrier, and any written instructions from Purchaser.

Purchaser's Purchase Order Number and part numbers and Seller's packing list number must be shown on all invoices, packing lists, bills of lading, and other necessary shipping documents.

Seller shall secure the lowest cost transportation available consistent with the service required. Delivery of goods or services shall not be deemed to be complete until the goods are actually received and accepted by Purchaser. Notwithstanding any agreement to pay freight, transportation charges, payment or advances on account, title and risk of loss or damage shall be on Seller until acceptance of goods by Purchaser. Purchaser's count will be accepted as final and conclusive on all shipments.

At Purchaser's option items delivered in error may be returned at Seller's expense. Seller shall be responsible in all events for all goods delivered short or damaged to the contract specified delivery point. Seller will be responsible beyond such point if the Purchase Order specified delivery point has been designated by the Seller. Seller agrees to assist in tracing lost or delayed shipments on request of Purchaser.

Without relieving Seller of its obligation and/or liabilities hereunder, Seller shall immediately report in writing to Purchaser any projected or actual delay whatsoever in deliveries and/or completion as defined in the subject contract whatsoever and its cause and proposed remedy. Seller shall continue to keep Purchaser informed and shall take all reasonable action to remedy, mitigate, and/or eliminate the cause of delay. Failure to inform the Purchaser of any such delays shall constitute default by the Seller.

If Seller is performing work on Purchaser's premises or on vessels within Purchaser's custody, Seller shall be represented during all working hours at the site or on vessel by competent supervision acceptable to Purchaser, who shall be authorized to act for Seller in all matters of the work. Seller agrees that the work area in which it is conducting the work under this contract is the responsibility of Seller in respect to compliance with all rules, regulations, laws, and ordinances of competent governmental authority. Seller agrees that it will notify Purchaser adequately in advance as to the work contemplated each day, the machinery, equipment, and other items contemplated to be used in the accomplishment of the work on that day, the anticipated boundary of the work area, the anticipated duration of the work, and all other information which is necessary for Seller to appropriately conduct its work without injury or harm to Purchaser or its employees or anyone else.

Seller shall employ an adequate number of skilled workmen to perform the work under this contract. All skilled workmen employed in connection with performance of this contract shall be qualified by experience and ability. The Purchaser may require Seller to submit proof of such experience and qualifications. Seller and its subcontractors shall replace any of their employees, whose work, in the discretion of Purchaser is contrary to the requirements of this contract. Seller and its subcontractors shall employ the necessary safety and security practices as are normal or as required by law for the type of work authorized hereunder. At its sole option Purchaser may require Seller to remove from its property any personnel of Seller or its subcontractors violating such practices and requirements. Seller shall not contract out nor subcontract any obligations hereunder without prior written approval of Purchaser.

7. Entirety of Contract

The parties agree that this contract sets forth their entire agreement and that there are no other promises, representations, agreements or understandings which shall be considered a part hereof, other than those enumerated herein.

In contracts where the Seller is located outside the United States of America, all terms used herein which are defined by the "International Commercial Terms 2000", ("INCOTERMS2000") shall be considered a part hereof, other than those enumerated herein.

8. Force Majeure

If, because of force majeure, either party hereto is unable to carry out any of its obligations under this contract, other than the obligations to pay money due hereunder, and if such party within thirty (30) days of such force majeure event gives to the other party hereto written notice of such force majeure, then the obligations of the party giving such notice shall be suspended to the extent made necessary by such force majeure and during its continuance, provided that the party giving such notice shall use its best efforts to remedy such force majeure insofar as possible with all reasonable dispatch. The term "force majeure" as used herein shall mean acts of God, acts of public enemy, insurrections, general riots, floods, tsunamis, named storms, earthquakes, embargoes, orders or acts of civil or military authority. Upon the cessation of the force majeure event, the party that had given original notice shall again promptly give notice to the other party of such cessation.

9. Gifts and Entertainment

Purchaser's employees, and members of his/her immediate family, shall not solicit or accept gifts, favors, and loans or similar indulgences or any other kind of benefit from outside parties who do or might do business with the Purchaser. Advertising novelties, promotional items of \$25.00 or less in value, occasional meals, refreshments or entertainment having a value of \$25.00 or less per occasion, provided such items in aggregate do not exceed \$150.00 in a calendar year, may be received. Cash gifts and gift checks and gifts having an investment value such as stock, bonds, etc., are strictly prohibited. Specifically, these restrictions include employees who are involved in:

- (i) Placing purchase orders with suppliers or subcontractors;
- (ii) Selecting, recommending or approving suppliers;
- (iii) Receiving, testing inspection or quality functions; or
- (iv) Evaluating supplier proposals, paying invoices or collecting money from customers.

No party shall, under any circumstances, tolerate the offer, solicitation, or giving of any payment by any of Purchaser's employees, in the nature of an undisclosed commission, kickback, or bribe, in connection with obtaining or retaining business, a contract, or an award or otherwise bestowing a special favor or advantage. Further, none of Purchaser's employees shall accept loans from any person or entities having or seeking business with Purchaser except recognized financial institutions at normal interest rates prevailing at the time of borrowing. This prohibition extends to the employee's family and household.

Any act by Seller or its employees to violate or entice to violate the foregoing provisions is grounds for immediate cancellation of the contract.

10. Governing Law

If this contract is issued by Boston Ship Repair, LLC, then it shall be governed by the laws of the Commonwealth of Massachusetts, and Seller agrees that all disputes in respect to this contract or contract release shall be subject to the United States District Court for the District of Massachusetts, or the State or commonwealth courts of Suffolk County, Massachusetts.

If however this contract is issued by Philadelphia Ship Repair, LLC, then it shall be governed by the laws of the Commonwealth of Pennsylvania, and Seller agrees that all disputes in respect to this contract or contract release shall be subject to the United States District Court, Eastern District of Pennsylvania, or the State or commonwealth courts of Philadelphia County, Pennsylvania.

11. Government Contracts

The following additional provisions apply when this contract is issued in connection with a United States Government contract, or subcontract of any lower tier received by Purchaser (such contract or subcontract being hereinafter called "Purchaser Contract").

The clauses set forth or referred to in the following paragraph refer to the Federal Acquisition Regulation (FAR) and are hereby incorporated in the Code of Federal Regulations at CFR Title 48 Part 52. The full text of these clauses may be accessed electronically at <http://www.arnet.gov/far/>

52.203-6 Restrictions on Subcontractor Sales to the Government;
52.203-7 Anti-Kickback Procedures;
52.208-1 Required Sources for Jewel Bearings and Related items;
52.214-26 Audit and Records-Sealed Bidding;
52.214-28 Subcontract Cost or Pricing Data-Modifications-Sealed Bidding;
52.215-2 Audit and Records-Negotiations;
52.215-24 Subcontract Cost or Pricing Data;
52.215.25 Subcontract Cost or Pricing Data-Modifications;
52-215-36 Integrity of Unit Prices;
52.219.8 Utilization of Small Business Concerns
52.219.9 Small Business Subcontracting Plan
52-222-26 Equal Opportunity;
52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans;
52.222-36 Affirmative Action for Handicapped Workers;
52-222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era;
52-222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation;
52.223-2 Clean Air and Water;
52.223-3 Hazardous Material Identification and Material Safety Data;
52.225-11 Certain Communist Areas; SUBCONTRACTOR STANDARD T&C – REV 02-07 8 02/26/07
52.227-1 Authorization and Consent;
52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement;
52.230-3 Cost Accounting Standards;
52.246-23 Limitation of Liability;
52.248-1 Value Engineering.

12. Hiring of Purchaser's Personnel

In consideration of being granted a contract by Purchaser, the Seller agrees that during the term of its performance of the contract and for a period of ninety (90) days following completion of the performance of the contract, Seller will not employ or solicit to employ any employee of Purchaser directly, indirectly or by independent contract for any purpose whatsoever.

13. Independent Contractor

Seller agrees that he is an independent contractor in the performance of any work hereunder and that neither it nor its employees shall be considered employees of Purchaser. Purchaser shall not be responsible for the direct payment of any of Seller's withholding taxes, social security payments, payments under worker's compensation or other insurance premiums, or other charges of any kind or nature, except as specifically outlined herein.

Seller hereby certifies that it will comply with the Fair Labor Standards Act and will deduct and pay over to the proper governmental authority, any withholding taxes or similar assessments which an employer is required to deduct and pay over, and Seller accepts exclusive liability for all payroll taxes, unemployment benefits, state and federal workers' compensation benefits, and contributions imposed by any federal, state or other governmental authority, covering its agents or employees.

14. Insurance

In the event that Seller, its employees, agents or subcontractors enter the premises of Purchaser or its customer for any reason in connection with this contract, or if Seller will perform work on equipment or other property of Purchaser or its customers, then Seller and its subcontractors shall procure and maintain insurance according to Purchaser's General Insurance Requirements, which are hereby incorporated by reference into this contract. Any exceptions require prior written approval from Purchaser. Insurance requirements include, but are not limited to:

- (i) Worker's Compensation and Occupational Disease Insurance, complying with the laws of the state in which the work is to be performed, and including USL&H endorsement. Such policy shall include waiver of subrogation in favor of Purchaser. If Seller is a Professional Employer Organization (PEO) or temporary staffing agency, then such policy shall include alternate employer endorsement;
- (ii) Commercial General Liability Insurance, with limits not less than \$2,000,000 per occurrence and aggregate for bodily injury, property damage, including products and completed operations, and personal injury, naming Purchaser as additional insured; and including evidence of contractual liability, with waiver of subrogation in favor of Purchaser.
- (iii) Automotive Liability Insurance, with limits not less than \$1,000,000, per accident, covering all motor vehicles, including owned, non-owned, and hired vehicles with waiver of subrogation in favor of Purchaser.
- (iv) Seller shall be responsible for providing property insurance coverage for all Seller's equipment owned or used.

15. Liability and Indemnity

Seller agrees to completely defend and indemnify Purchaser, its parent, subsidiaries and affiliates, as well as the employees and agents of Purchaser, its parent, subsidiaries and affiliates against any and all claims, liabilities, expenses, losses, demands, fines and causes of action (including reasonable attorney fees) caused by or arising out of Seller's actual or alleged acts or omissions or the actual or alleged acts or omissions of Seller's agents, servants or employees; provided however, that Seller shall not be responsible to Purchaser, its parent, subsidiaries and affiliates from damages arising out of bodily injury and/or death or property damage which is the result of the sole negligence of the Purchaser, its parent, subsidiaries and/or affiliates. The Seller's defense and indemnity requirements, as set forth above, shall also extend to any third party or governmental agency acquiring an interest hereunder in connection with this contract.

To the extent that state and/or federal law limits the terms and conditions of this contract, then this contract shall be deemed so limited to comply with such state and/or federal law. This clause shall survive termination of this contract.

16. Liens

Without any additional action by Seller, Seller's acceptance of this contract includes a full waiver of and release of all liens, encumbrances and other rights in rem (perfected or unperfected) in respect of the goods and services covered by this contract. The waiver and release by Seller hereunder includes the following additional warranties by Seller:

- (i) that all Sellers' subcontractors, vendors, material-men, suppliers, journeymen, mechanics, laborers, and all other legal entities who have furnished labor, material, or services towards the performance of Seller's obligations under this purchase order have been paid and satisfied in full;
- (ii) that there are no unsatisfied claims nor any other indebtednesses outstanding concerning the goods and Seller's performance of this contract;
- (iii) that Seller has made no hypothecation of sums owing to Seller which would require that another person or legal entity receive payment;
- (iv) that Seller has not committed default of any bond or other third party guarantee or security device in respect of the goods and this contract;
- (v) that the goods furnished pursuant to the contract are not subject to fine, seizure, or forfeiture, in whole or in part; and
- (vi) that no penalty of any nature whatsoever can be assessed against any of the goods nor any property to which the goods become a fixture, accession, or component part.

All of the foregoing warranties are continuing actions and undertakings of the Seller throughout the performance of this contract.

Seller warrants that all the foregoing are true and correct, and Seller undertakes that it shall save, hold, and keep harmless Purchaser from all losses whatsoever, whether such losses are occasioned by debt, account, lien, encumbrance, forfeiture, fine, seizure, hypothecation, property damage, personal injury, statutory lien rights, or other operation of law.

In addition to the foregoing, Purchaser, at its sole option, may request from Seller, and Seller will provide, a full and complete Waiver of Liens and Indemnification against Liens in a form satisfactory to Purchaser from Seller and from all of Seller's factors, other financiers, material-men, subcontractors, and suppliers (herein "subordinates") having performed or supplied any portion of the goods or services, hereunder, at any time. Purchaser, at its sole option, may also request from Seller, and Seller will provide Purchaser with proof including affidavits and waiver of liens showing payments and release of all duties, taxes, liens, claims, charges and obligations arising by operation of law and otherwise out of Seller's and its subordinates' performance of the work hereunder, and Purchaser may withhold funds due to Seller hereunder to assure itself of the discharge of all such obligations, or to satisfy any requirements of law relating to such claims against Seller and its subordinates.

17. Material Safety Data Sheet Requirements

Seller shall contact Purchaser's Safety Department or other Purchaser authorized representative to request access to Material Safety Data Sheets for chemicals in the area where work is to be performed prior to the commencement of any work. Seller shall review these sheets and ensure that its employees are advised of the location and accessibility of this hazard information.

Seller shall furnish to Purchaser copies of Material Safety Data Sheets for all chemicals to be used while performing work at Purchaser's facility or vessels in its custody or control with its proposal at the time of bidding. In addition, Seller shall maintain duplicate copies in its possession at the work site. In the event that during the performance of the work or during the term of the contract, Seller is required to use additional chemicals other than those previously defined, Seller shall be required to provide copies of such Material Safety Data Sheets to Purchaser prior to bringing such additional chemicals onto Purchaser's property or vessels in its custody or control.

18. Non-Disclosure and Ownership

Ownership of, and all rights with respect to any goods purchased under this contract, including all creative ideas incorporated therein, all preliminary materials, sketches, layouts, tooling, molds, dies, negatives, photographs, designs, blueprints or specifications relating thereto shall be vested exclusively in Purchaser's company. Purchaser may copy or reproduce any and all goods purchased hereunder for any and all purposes and may use the same in any and all media as often as it may so desire.

All plans, drawings, designs and specifications supplied by Purchaser to Seller shall remain the property of Purchaser, or Purchaser's customer, and any information derived there from or otherwise communicated to the Seller, shall be regarded by Seller as strictly confidential and shall not, without the prior written consent of Purchaser, be disclosed to any third party.

Seller shall, upon Purchaser's request, promptly return all property, drawings, specifications, or like material to Purchaser.

Seller agrees to and does hereby grant to Purchaser, to the full extent of Seller's rights to do so without the payment of compensation to others, the right to reproduce, use and disclose for governmental or other purposes all or any part of the reports, blueprints, drawings, data and technical information specified to be delivered by Seller to Purchaser under this contract; provided however, that nothing contained in this clause shall be deemed directly or by implication, to grant any license under any patent now or hereafter issued.

This Clause shall expressly survive termination or expiration of this Agreement.

19. Order of Precedence

In cases of conflict between documents associated with this contract the order of precedence for such disputed matters is as follows:

- (i) Purchase Order and Standard Terms and Conditions;
- (ii) Purchase Order Supplements;
- (iii) Material specifications;
- (iv) Exhibits, attachments and specifications provided to the Seller for goods and services defined as the scope of work for this Purchase Order;
- (v) Any other exhibits, attachments and specifications referenced on the face of the Purchase Order.

Any terms and conditions on the face of the Purchase Order which specifically conflict with a term or condition contained herein shall be controlling.

20. Patents

Seller warrants that the use of sale of any goods purchased hereunder will not infringe on any U.S. or foreign patent, trademark, copyright or any other property right (except infringement necessarily resulting from adherence to specifications or drawings, other than those of Seller's design or selection, originally submitted to Seller by Purchaser) Seller undertakes and agrees to defend at Seller's own expense, all suits, actions, or proceedings in which Purchaser, its parent and the respective subsidiaries and affiliates, is made a defendant for actual or alleged infringement of any such U.S. or foreign patent, trademark, copyright or other property right resulting from the use or sale of the goods purchased hereunder and further agrees to pay and discharge any and all judgments or decrees which may be rendered in any such suit, action or proceeding against Purchaser.

21. Payment

Payment is contingent upon receipt and acceptance by Purchaser of goods or services at final destination. Discount and payment periods shall be calculated either from the date of receipt of acceptable invoices or from the date of receipt and acceptance of goods or services, whichever is later. Errors, omissions or delays in receiving invoices shall be considered just cause for withholding payment without loss of cash discount privilege.

22. Permits and Fees

Except as otherwise specified herein, Seller shall obtain and pay the fees for all permits and licenses and other charges, including but not limited to regulatory body and classification society fees. This contract is conditioned upon such permits and/or certificates being made available to the Purchaser prior to the test, delivery, and/or completion (including final payment) of the contract.

23. Presumptions

Should any provision of this Agreement require interpretation, the person interpreting or construing this Agreement shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that the document is to be construed more strictly against the party who itself or through its agents prepared the document.

24. Price

Seller warrants that the prices for goods covered by this contract shall not be greater than those quoted or last charged to Purchaser unless so specified on the face of this contract.

Seller further warrants that the prices are the lowest prices charged by Seller to purchasers of a class similar to Purchaser under conditions similar to those specified under this contract and do not exceed the prices allowed by law. Seller warrants that all discounts and allowances are as favorable as those then offered by Seller to purchasers of a class similar to Purchaser. Seller further warrants that any price reduction made with respect to goods or services covered by this contract subsequent to the placement of this contract will be applicable to this contract.

No charges in addition to those indicated in the body of this contract will be allowed, except with Purchaser's prior written approval.

25. Priority Rated Contracts

If this contract is in support of a rated order certified for national defense use, Seller shall follow all the requirements of the Defense Priorities and Allocation System (DPAS) Regulation (15 CFR Part 700).

- (i) If this contract supports a DX Rated Order and exceeds \$50,000, Seller must acknowledge acceptance within 10 days.
- (ii) If this contract supports a DO Rated Order and exceeds \$50,000, Seller must acknowledge acceptance within 15 days.

- (iii) Commencement of performance of work called for in this contract in the absence of written acknowledgement shall be deemed acceptance of this contract as written.

26. Publicity, Promotion, Advertisement

Seller shall not without the prior writing consent of Purchaser, issue any news release, advertisement, publicity or promotional material regarding this contract or any other information regarding Purchaser (including confirmation or denial thereof).

27. Quality, Warranty, Ownership, Guarantees and Remedies

Seller guarantees that all workmanship, materials and equipment furnished by it hereunder shall conform to the design drawings' specifications, and contract requirements, and Seller, for the benefit of Purchaser, shall obtain from vendors and manufacturers such guarantees against defects in workmanship and materials as are reasonably obtainable on workmanship, equipment and materials furnished hereunder. Seller agrees to assist Purchaser to the extent requested by Purchaser in the enforcement of all guarantees obtained from vendors and manufacturers.

Seller agrees to repair or replace to the satisfaction of the Purchaser, Purchasers' customer, and regulatory bodies at Seller's sole cost, any goods or workmanship which may be found to be defective within eighteen (18) months after delivery or twelve (12) months after the physical delivery of the vessel or other item to the Purchaser's customer to which this contract pertains, whichever occurs last. All costs and damages in connection with breaking this warranty shall be borne by Seller. Any inspection, test, acceptance, or use of the goods furnished thereunder shall not diminish Seller's warranty obligations.

If indicated on the face of the Purchase Order, Seller will cause to be issued to Purchaser from a bank acceptable to Purchaser, a letter of credit, in the form(s) and in an amount stipulated by Purchaser in the contract as security for Seller's warranty obligations.

Purchaser shall have the right to assign any and/or all of the above warranties to any third party. Purchaser shall notify Seller promptly if and in what respect any of the said guarantees have not been met. Seller shall promptly, at its expense, perform such alterations, removals, reinstallation, repair or replacement as may be necessary to meet the guarantees. Purchaser's failure to make an inspection or test or to discover defective workmanship, materials, or equipment shall not relieve Seller from any responsibility hereunder and payment of any funds by Purchaser shall not constitute a waiver or acceptance of such defects.

Seller warrants that it has good and merchantable title to the goods sold hereunder and that said goods shall conform to the description and applicable specifications and samples. Such goods shall be of good merchantable quality and fit for the known purpose for which sold and are to be free and clear of all liens and encumbrances. This is in addition to any warranty of service guarantee given by Seller to Purchaser or provided by law.

All goods shall be subject to inspection by Purchaser or its designee at all reasonable times, including inspection during manufacture. If such inspection or any testing shall be performed on Seller's premises, Seller shall provide, without charge, reasonable facilities and assistance for such inspection.

Inspection and approval by Purchaser at Seller's plant does not preclude rejection for defects upon discovery by subsequent inspection. Any goods rejected by Purchaser shall be promptly repaired or replaced at Seller's expense. Any and all costs incurred by Purchaser in connection with the return of goods rejected by Purchaser as defective, shall be for the account of Seller. If this contract is placed by Purchaser under a Government contract, the Government shall have the same rights of inspection as Purchaser.

28. Records and Audit

To the extent that Seller is producing material or performing services specifically for Purchaser, or if Seller is performing work on Purchaser's premises, or if Seller is performing work on Purchaser's or Customer's equipment outside of Purchaser's premises, Seller shall maintain records as follows:

- (i) Seller shall keep accurate daily records for all work performed hereunder, and upon request it shall provide copies to the Purchaser.

- (ii) The records shall include the hours worked by each employee, the type of work performed, the wages paid, equipment and materials used and any other item of cost claimed by Seller or for which Purchaser shall have reimbursed Seller.
- (iii) Purchaser shall have the right at all reasonable times during regular business hours, to inspect and audit such records.
- (iv) Seller shall preserve such records for 36 months after completion or termination of this contract.

29. Separability of Provisions

The invalidity, illegality and unenforceability of any provision(s) of this contract shall in no way affect or impair the validity, legality and enforceability of the remaining provisions hereof.

In the event of any conflict between any clauses under and above the heading "Government Contracts" the clauses under the heading "Government Contracts" shall apply; and the clauses contained therewith shall apply only to the extent they provide additional rights to, or lessen obligations of Purchaser and/or the United States Government. Purchaser and Seller reserve the right to cancel or modify any obligation contained herein or hereon without the consent of any third party.

30. Taxes

Except as otherwise provided in this contract, the price includes all applicable federal, state and local taxes, except Sales and Use Taxes, duties and import fees. Seller shall supply evidence of compliance to Purchaser as Purchaser may require.

31. Termination Cancellation and Suspension

If Seller shall be adjudged bankrupt, or become insolvent or file for voluntary bankruptcy or be subjected to involuntary bankruptcy proceedings, or enter receivership proceedings, or make an assignment for the benefit of creditors, or if Seller should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to supply enough properly skilled workmen or proper materials, or if Seller should fail to make prompt payment to sub-suppliers for material or labor, or otherwise is guilty of a violation of any provision of this agreement, including delivery delays beyond fifteen (15) days after specified delivery date, then Purchaser, without prejudice to any of the other rights or remedies expressly provided by law, may terminate this agreement, or any part hereof, by written notice to Seller and shall have the right thereafter to take possession of all materials, equipment and the like, the cost of which has been reimbursed by Purchaser to Seller, in such cases of termination, Purchaser shall be relieved of all further obligations hereunder. In the event that Purchaser incurs any additional costs as a result of the default by Seller, Purchaser shall have the right to hold Seller accountable for any such additional costs or damages incurred by Purchaser.

Upon fifteen (15) days prior written notice, Purchaser at its own options may suspend performance, for a reasonable time, of all or any portion of this contract at any time and for any reason. In such event, Seller's exclusive remedy shall be to deliver to Purchaser the termination and to obtain reimbursement from Purchaser for Seller's reasonable and necessary costs actually incurred up to the point of such suspension which are directly incident to the items so suspended. Purchaser shall in no event be liable for any loss of anticipated profits on items under suspension or for any incidental loss or consequential damages, nor for any other associated charges of any nature.

Upon thirty (30) days prior written notice, Purchaser at its own option may cancel this contract at any time, whether or not Seller is in default of any of its obligations hereunder. Upon any such cancellation, Seller agrees to waive any claim for damages, including loss of anticipated profits on account hereof. However, Purchaser agrees that Seller shall be paid an amount which when added to all installments previously paid will equal the sum of all costs properly incurred prior to the date of cancellation, plus earned profit on such incurred costs, but in no event shall such amount be greater than the purchase price. Such earned profit shall bear the same relationship to such incurred costs as the profit increment of the purchase price bears to the cost increment of such purchase price.

Purchaser reserves the right to verify the amounts of any cost and profit increments claimed by Seller through an audit of Seller's records.

32. Title to Property

Purchaser shall have title to all work completed or in process and to all machinery, equipment, materials and supplies, the cost of which has been paid to Seller. All studies, designs, drawings, plans, specifications, test results, inventions, patent rights (including data produced by computer or other electronic means and stored on disk, tape or any other form) and other data in any form and in whatever state of completion prepared by Seller shall be the property of Purchaser upon completion or termination of this contract. Purchaser shall have the right to use same for any purpose whatsoever without right on the part of Seller to any additional compensation therefore.

33. Tooling

If the contract includes jigs, dies, fixtures, patterns, or special test equipment and manufacturing aids (hereinafter referred to as tooling) used in the manufacture of the articles, such tooling and drawings thereof become the property of Purchaser or its customer immediately upon payment therefore. Tooling shall be used only for production for Purchaser and shall be kept in good condition, including necessary replacement, without expense to Purchaser, except that the cost of changes due to Purchaser's change of design shall be paid for by Purchaser.

Seller shall maintain property control records for such tooling and shall promptly furnish Purchaser a list thereof upon request. Following completion or termination of this order, Seller shall hold all such tooling free of charge for six months following its furnishing of said inventory to Purchaser, and any such tooling Purchaser orders returned to it shall be delivered f.o.b. Seller's plant, properly crated for U.S. shipment. No crating charge is to be included in Seller's quotations unless expressly requested by Purchaser.

34. Use of Premises

All work shall be performed in such a manner as to cause a minimum of interference with Purchaser's operations or ship owner's activities and the operations of other sellers on the premises. Seller shall take all necessary and proper precautions to protect the premises and all persons and property thereon from damage or injury. At all times during the performance of this contract, Seller shall keep the premises clean and free from accumulations of waste material and rubbish. Upon completion of the work, Seller shall remove all tools, equipment, materials and rubbish for which he is responsible and he shall restore existing facilities, which he has disrupted, to their original condition.

Purchaser may, at its sole discretion, remove or require Seller to remove any employee of Seller from Purchaser's or Customer's premises. Purchaser may further request that such employee not be reassigned to any other of Purchaser's premises under this contract. Any costs arising from or related to such a removal shall be solely the responsibility of Seller and not charged to Purchaser in any way.

35. Waivers

No waiver by either party of any breach of any of the covenants or conditions herein contained, performed by the other party shall be construed as a waiver of any succeeding breach of the same or of any other covenant or condition.