



41 Fairfield Place, West Caldwell, NJ 07006, Tel: 973-575-1300, Fax: 973-575-0531, Website: [www.merrimacind.com](http://www.merrimacind.com)

## **Purchase Order Terms and Conditions**

**1. Acceptance.** This Purchase Order ("Order") constitutes Buyer's offer to Seller, and is expressly made conditional on Seller's acceptance of Buyer's terms and conditions only. This Order expressly limits Seller's acceptance to Buyer's terms and conditions only, and Buyer objects to any of Seller's terms or conditions which are additional, different, inconsistent or in conflict with Buyer's terms and conditions herein. Such additional, different, inconsistent or conflicting terms or conditions of Seller shall not become a part of this Order unless accepted in writing by Buyer. Seller shall have accepted this Order by issuance of its acknowledgment, commencement of performance or delivery hereunder, or Buyer's acceptance, payment or use of any Articles delivered hereunder. No revision to this Order shall be valid unless in writing and signed by an authorized representative of Buyer.

**2. Warranties.** Seller warrants that all articles, parts, components, materials, goods, data and other property (collectively, "Articles") delivered under this Order shall be free from defects in materials, design and workmanship, and guarantees that all Articles furnished will comply strictly with the specifications, drawings and all other requirements of the Order. The warranties of Seller, together with any service warranties and guarantees, shall run to Buyer and its customers. All warranties herein shall be construed as conditions as well as warranties, and the representations, warranties and conditions herein shall be deemed to be cumulative.

**3. Packing.** All Articles shall be packed in suitable containers for protection in shipment and storage. Any hazardous materials shall meet all DOT and other federal and state laws. Any highly polished or highly finished or precision parts shall be properly greased and packed in containers which will afford adequate protection against atmospheric deterioration. No charge shall be made by Seller for packaging unless provided on the face page of the Order.

**4. Inspection.** All Articles delivered under this Order will be subject to final inspection, testing and acceptance at Buyer's facility. All shipments signed by Buyer's Receiving Department are subject to final inspection, check and count by Buyer's Inspection Department. All Articles may be inspected by Buyer under the Sampling Plan outlined in the current issue of ANSI/ASQ Z 1.4 or a C=0 Sampling plan and will be inspected to an Acceptance Quality Level (AQL) of 0.65 unless otherwise specified. Lots that fail to pass this inspection may be 100% inspected by Buyer, and Seller may be charged for inspection time or, at Buyer's option, returned to Seller for sorting, correction, replacement, or credit, as Buyer may determine in its sole and absolute discretion. Seller is responsible for the retrieval and disposal of hazardous materials pursuant to applicable DOT and EPA regulations that are found to be noncompliant with applicable federal or state laws.

**5. Invoices.** Rejections, delivery delays, errors or omissions preventing prompt payment will be considered just cause for withholding settlement without losing cash discount privileges. By paying Seller's invoice before arrival or for the cash discount, such payment shall be subject to adjustment for any shortage in quantity, failure to make specified delivery or rejection. Freight and other charges must be shown if discount is not to be taken on the full amount of the invoice.

**6. Pricing.** Seller represents that to the best of its knowledge, information and belief, the prices charged for Articles covered by this Order will not exceed the maximum prices permitted by applicable regulations, if any, of any Governmental authority, and Seller agrees to promptly refund any amounts paid by Buyer in excess of amounts permitted by such regulations. Prices specified on an Order accepted by Seller shall not be subject to change without Buyer's prior written consent.

**7. Changes.** A) Buyer may at any time and from time to time by written order to Seller: (1) make changes in the shipping and packing instructions; (2) increase or decrease the quantity of Articles ordered; (3) change the drawings or specifications; (4) issue a suspension of work order; (5) accelerate or stretch out the delivery schedule; or (6) make changes in the scope of work or cost of performance hereof. In such event an equitable adjustment shall be negotiated in the Order price and/or delivery schedule (unless Seller is in default), and the Order shall be modified in writing accordingly. Any claim for adjustment under this section shall be asserted within thirty days from the date the change is ordered, but nothing provided herein shall excuse Seller from proceeding with the Order as changed. B) This Order may also be amended or modified by a writing signed by both Buyer and Seller, and all documents referenced therein shall supersede all prior understandings, transactions and communications with respect to the subject matter thereof.



41 Fairfield Place, West Caldwell, NJ 07006, Tel: 973-575-1300, Fax: 973-575-0531, Website: [www.merrimacind.com](http://www.merrimacind.com)

**8. Buyer Property.** Seller agrees that all Buyer designs, constructions, arrangements, disclosures or devices shown or described in this Order, and all Buyer drawings, specifications or documents forming a part thereof by reference or otherwise, are the property of Buyer, and are submitted to Seller in confidence upon the understanding and agreement by Seller that such design, constructions, arrangements, disclosures or devices shall not be utilized in whole or in part by Seller or on behalf of any other person, firm, company, corporation or other form of entity without the prior written consent of Buyer.

**9. Patent, Trademark and Copyright Protection.** Seller guarantees that the sale or use of any or all Articles delivered hereunder will not infringe any United States or foreign patent, trademark or copyright; that Seller will at its own expense defend any action, suit or claim in which an infringement of any patent, trademark or copyright is alleged with respect to the sale or use of any Articles; and that Seller will hold harmless Buyer, its successors, assigns and customers from all losses, damages or liabilities which may be incurred on account of such infringement, unless such Articles are produced solely in accordance with Buyer's designs or specifications.

**10. Items Furnished by Buyer.** All designs, tools, fixtures, patterns, drawings, data, materials, equipment and all other items (collectively, the "Items") supplied by Buyer to Seller shall remain the sole and exclusive property of Buyer. Items supplied by Buyer, or purchased or fabricated by Seller for this Order, shall be assigned a number as indicated on the face page of the Order and marked "Property of Merrimac Industries, Inc." Such Items shall be used by Seller only in connection with this Order and returned to Buyer in good condition upon Buyer's request at any time. Seller assumes all responsibility for the accuracy of the Items used in the production of the Articles delivered hereunder whether such Item is fabricated by Seller or furnished by Buyer hereunder.

**11. Insurance Requirements.** Seller agrees to be responsible for any bodily injury, death or property damage resulting from Seller's performance under this Order and hereby represents and warrants that Seller carries and maintains adequate insurance to cover such liabilities. Seller agrees to carry fire and extended coverage insurance and be responsible for any of Buyer's property while in Seller's possession. Seller agrees to maintain such Buyer property in good condition and not dispose of same except in accordance with Buyer's written instructions.

**12. Advance Manufacture and Shipments.** Seller may manufacture in advance of Seller's normal flow time and deliver any Articles up to 45 days in advance of the delivery schedule set forth in this Order. Buyer reserves the right to return to Seller, shipping charges collect, all Articles received more than 45 days in advance of the schedule shown on this Order.

**13. Termination.** A) Buyer may terminate any work under this Order in whole or in part at any time and from time to time by notice to Seller in writing. Upon receipt of such notice, Seller will immediately stop work on this Order or the terminated portion thereof and notify its subcontractors and suppliers to do likewise. Except where such termination is caused by the Seller's default, Seller shall be entitled to termination charges of its actual costs incurred up to the date of termination in accordance with generally accepted accounting principles. Seller shall also be entitled to a reasonable profit on the work completed up to the date of termination but not anticipatory profit. The total termination claim shall not exceed the terminated portion of the Order, if applicable, or the price of the Order if the entire Order is terminated. B) In the event Seller fails to comply with any delivery date, or fails to comply with any other term, condition or provision of the Order, Buyer may terminate this Order for the Seller's default and pursue its available rights and remedies under this Order and at law. All such rights and remedies shall be deemed cumulative. C) Under no circumstances shall Buyer be liable for any incidental, consequential or other indirect damages under this Order. Seller's maximum liability under this Order for any reason is the price of the Order.

**14. Assignment.** Seller shall not in whole or in part assign this Order or any rights, duties or interests hereunder without the prior written consent of Buyer. Claims for monies due or to become due under this Order may be assigned by Seller provided that Seller shall promptly provide Buyer with a copy of such assignment. Payment to an assignee for any such claims shall be subject to setoff or recoupment of any present or future claims that Buyer may have against Seller. Buyer reserves the right to make direct settlements and/or adjustments of claims for monies due or to become due hereunder without notice to the assignee.

**15. Insolvency.** In the event of the institution of any voluntary or involuntary proceedings by or against Seller under any federal or state bankruptcy or insolvency laws, or the appointment of a receiver or trustee, or assignee for the benefit of creditors of Seller, Buyer shall be entitled to cancel this contract immediately without any liability.



41 Fairfield Place, West Caldwell, NJ 07006, Tel: 973-575-1300, Fax: 973-575-0531, Website: [www.merrimacind.com](http://www.merrimacind.com)

**16. Governing Law.** This Order shall be governed and interpreted in accordance with the laws of the State of New Jersey without giving effect to any conflict of laws rules. Any claim or suit arising out of, under, or in any manner relating to this Order shall be brought exclusively in the federal or state courts of Essex County, New Jersey. Seller and Buyer expressly consent, unconditionally and irrevocably, to the exclusive jurisdiction of such New Jersey courts.

**17. Labor Warranty.** Seller represents and warrants that the Articles delivered hereunder have been manufactured or furnished by Seller in accordance with all applicable federal and state employment and labor laws and regulations.

**18. Confidential.** Seller shall not advertise, publish or disclose this Order, or the terms, conditions or specifications hereof, except as required by applicable laws.

**19. Order Under U.S. Government Prime Contract Or Subcontract.** If this Order is issued under a U.S. Government prime contract or lower-tier subcontract, then the following statutes, Federal Acquisition Regulation ("FAR") clauses, and Defense Federal Acquisition Regulation Supplement ("DFARS") clauses shall apply and are incorporated by reference and made a part of this Order. Unless otherwise noted, the revision date of the FAR/DFARS clauses in effect on the date of the prime contract award are applicable. The following statutes and FAR/DFARS clauses shall prevail in the event of any conflict or inconsistency with the foregoing general terms and conditions.

**A. Statutory/Regulatory Provisions.** The following statutes and FAR/DFARS clauses shall be made a part of this Order as applicable: Buy American Act (52.225-1,2), Restrictions on Certain Foreign Purchases (52.225-13), Convict Labor Act (52.222-3), Contract Works Hours and Safety Standards Act (52.222-4), Walsh-Healey Public Contracts Act (52.222-20), Davis Bacon Act (52.222.6), Anti-Kickback Procedures (52.203-7), Prohibition of Segregated Facilities (52.222-21), Affirmative Action Compliance (52.222-25), Equal Opportunity (52.222-26), Equal Opportunity clauses for veterans (52.222-35, 37), Affirmative Action for Workers with Disabilities (52.222-36), Notice To The Government Of Labor Disputes (52.222-1), Audit and Records-Negotiation (52.215-2), Notice and Assistance Regarding Patent and Copyright Infringement (52.227-2), Patent Indemnity (52.227-3), Price Reduction for Defective Cost or Pricing Data (52.215-10,11), Preference for Domestic Specialty Metals (DFARS 252.225-7014)(JUN 2005), including Alternate I (APR 2003), Patent Rights (52.227-11,12) if this Order is a research and development contract within the meaning of FAR 27, Rights in Data (52.227-14), Government Property (52.245-2) if any U.S. Government-furnished property is involved in the performance of this Order, Defense Priority And Allocation Requirements (52.211-15), and Certifications and Representations required by Buyer's customer. Where necessary to make these clauses applicable to this Order, the term "Contractor" shall mean "Seller", the term "Contract" shall mean this "Order, and the term "Government" or "Contracting Officer" shall mean "Buyer".

**B. Inspection and Audit.** Seller agrees that its books and records, and its plant or such parts thereof as may be engaged in the performance of this Order, shall at all reasonable times be subject to inspection and audit. Seller shall cause a like provision to be included in all its orders or subcontracts hereunder. Seller agrees that the Controller General of the United States, or any of its duly authorized representatives, until the expiration of three years after final payment under the U.S. Government prime contract under which this Order is issued, shall have access to and the right to inspect and audit the books and records of Seller involving transactions related to this Order.

**C. Military Security Requirements.** Seller agrees to comply with the requirements of the clause entitled "Security Requirements (Aug 1996)" as set forth in FAR 52.204-2, as may be amended. For the purpose of the FAR clause, the term "Contractor" shall mean "Seller", the term "contract" shall mean this Order, and the term "Government" shall mean the "U.S. Government."

**D. Termination for Convenience.** If the U.S. Government, prime contractor or lower-tier subcontractor terminates its contract with Buyer for convenience, and if such contract relates to any Article to be furnished under this Order, then Buyer may at any time thereafter terminate in whole or in part this Order in accordance with the provisions of FAR 52.249-2.



41 Fairfield Place, West Caldwell, NJ 07006, Tel: 973-575-1300, Fax: 973-575-0531, Website: [www.merrimacind.com](http://www.merrimacind.com)

**E. Inspection and Guaranty.** All Articles to be delivered under this Order shall be subject to inspection and testing during Seller's performance hereunder at all times and places on Seller's premises or Seller's supplier's premises, either before, during or after manufacture by the representative of Buyer, Buyer's customer or the U.S. Government. Seller or Seller's supplier shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and testing required by the inspector of Buyer, Buyer's customer or the U.S. Government. Seller warrants that the Articles delivered under this Order shall comply with the specifications, drawings, samples and all requirements of this Order, and shall also comply with the warranty and guaranty required by the U.S. Government prime contract or lower-tier subcontract under which this Order is placed.

**F. Material Test Report Requirements.** Material test reports shall be furnished by Seller to Buyer. Such reports are written statements in duplicate from each lot, heat, melt or other unit or production which set forth actual chemical composition or physical properties of the tested material. Such reports are prepared from laboratory tests, determine the conformance with the Order's requirements, and shall be signed by the responsible official of the Seller's laboratory.

Material test certificates shall be furnished by Seller to Buyer. Such certificates are written statements that the materials used meet applicable specifications, and that physical and chemical test reports of the materials used are on file in the Seller's office, unless the materials used were furnished by Buyer. The certificates shall be signed by a responsible official of the Seller's organization and placed on the packing list that accompanies each shipment. The material test reports on file at Seller's office are subject to examination at any time by representatives of Buyer.

All age control and/or shelf-life limited materials or Articles furnished under this Order shall be supplied with a certificate signed by a responsible official of Seller indicating the date of manufacture and expiration date.

**G. Configuration Control.** The Seller shall maintain configuration control of all parts, materials and processes such that, after the delivery of the initial lot, all subsequent lots shall be the same as the initial lot for all parts, materials and processes. There shall be no changes in the parts, materials or processes without prior notification and written approval from Buyer.

**H. Records.** Seller shall establish and maintain a data storage system for all inspection records, test data and traceability information for a period of not less than seven (7) years after the date of last shipment under the Order. Seller shall notify Buyer in writing prior to the disposal or destruction of such records, data and information.

**20. Counterfeit Parts Prevention.** Seller agrees and shall ensure that only new and non-counterfeit parts, materials and components are used in products required to be delivered to Buyer. No other parts, materials or components shall be used unless approved in advance in writing by Buyer. To further mitigate the possibility of the inadvertent use of counterfeit parts, materials or components, Seller shall only purchase parts, materials and components directly from the Original Equipment Manufacturers (OEMs), directly through the OEM's authorized distribution chain, or directly from Independent Distributors. If procured from Independent Distributors, Seller shall make available to Buyer upon adequate OEM documentation in Buyer's sole judgment that authenticates the traceability of the parts, materials and components to the applicable OEM. If the required items cannot be procured from the above identified three sources, use of parts, materials or components ~~product~~ without appropriate traceability documentation from independent brokers or any other sources is not authorized unless first approved in writing by Buyer. Seller must present full, complete and compelling support for its request and include in its request all actions to ensure that the parts, materials and components thus procured are legitimate and not counterfeit. Buyer may also request at any time a certification of traceability from the Seller and/or Seller's sources.

**21. Prohibited Materials.** Unless otherwise specified on Buyer's specification, drawing or Purchase Order, the following materials shall not be used in the fabrication or finish of, or be present in, any Articles supplied to Buyer under this Order: Cadmium, Zinc, Brass, >97% Pure Tin, Beryllium or Ozone depleting chemicals. Buyer may at its option require objective evidence to substantiate that these materials are not present.