

CODE 81-1 PURCHASED LABOR PROVISIONS

I. General

Buyer will furnish sufficient materials or components to permit Seller to fabricate, process and deliver the quantity of articles required by this Purchase Contract.

II. Material

- A. Seller will return the materials or components in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with the provisions hereof.
- B. Should Seller, during performance of this Purchase Contract, lose or damage any materials or components furnished by Buyer, Seller will immediately notify Buyer. Upon receipt of such notification, Buyer will, to the extent available, furnish replacement materials or components. If Buyer is unable to furnish additional materials or components, Seller will be notified accordingly. In either event, Seller's account will be debited with the replacement cost of the materials and/or components, which were lost or damaged. With respect to materials, the term "cost" shall be understood to include the base cost of the materials, plus handling and transportation costs incurred by Buyer. The term "cost", as applied to components, shall be understood to mean the reasonable value of all costs relating thereto, including, but not limited to, materials, direct labor, burden, handling and transportation costs incurred prior to delivery to Seller.
- C. Unless otherwise specified in this Purchase Contract, the fixed-price for items set forth therein includes allowances for scrap by-products normally generated in fabrication or processing of the parts as ordered, and these scrap by-products, such as trimmings, turnings, chips, borings, etc., will be retained by Seller and disposed by him for his account. Excess materials other than trimmings, turnings, chips, borings, etc., shall be returned to Buyer.

III. Inspection Gages and Perishable Tools

For performance of this Purchase Contract, it shall be the responsibility of Seller to furnish all inspection gages and perishable tools other than those, which may be specified in this Purchase Contract.

IV. Buyer-Furnished Special Tooling

Buyer shall furnish Seller with only those special dies, tools, jigs, fixtures, master tooling and drawings specified in this Purchase Contract. In the event dimensional differences exist between such Buyer-furnished items, the difference shall be immediately brought to the attention of Buyer. Seller shall make no changes or alterations to such Buyer-furnished items except to the extent and in accordance with Buyer's prior written instructions. Seller shall not be in default nor liable for breach of contract by reason of any delay in delivery of such Buyer-furnished items or delivery thereof in a condition not suitable for its intended use.

When related design drawings, layout drawings or other requirements call for a "to match" condition or indicate a requirement for matching mold line surfaces, Seller will be governed by the master tooling furnished hereunder. In the event required master tooling is not furnished to fulfill these requirements, Seller shall immediately notify Buyer by telephone or wire and shall not perform any further work under this Purchase Contract unless authorized by Buyer.