

SILVERADO CABLE COMPANY

PURCHASE ORDER FLOWDOWNS, TERMS AND CONDITIONS

Supplier Flow Down Requirements

Supplier shall flow down requirements to sub-tier suppliers for applicable requirements in the purchasing documents, including key characteristics where required. If required under the rules of Equal Employment Opportunity; the supplier agrees to comply with all regulations and orders of the U.S. Department of Labor issued under Executive Order 11246, As Amended.

Acceptance Agreement

Suppliers' commencement of work or shipment of the goods, whichever occurs first, constitutes acceptance of these terms and conditions. Silverado Cable hereby objects to any terms proposed in the suppliers' acceptance or acknowledgment of Silverado Cable's offer which add to, vary from, or conflict with the terms of these terms. Any such proposed terms shall not operate as a rejection of this offer but are deemed a material alteration, and this offer shall be deemed accepted by the supplier without said additional or different terms. If these terms shall be deemed an acceptance of a prior offer by Supplier, such acceptance is expressly limited to the terms contained herein.

Certification of Conformance and Manufacturer's Lot Code

Seller shall include a Certificate of Conformance (C of C) with each shipment for Goods identified on shipping document. If Seller is not manufacturer (or service provider), a manufacturer's (or service provider's) C of C shall also be included in addition to the Seller's C of C. Seller's C of C shall include Seller's name and address and reference to Buyer's contract number and line item number. Manufacturer's (or service provider's) C of C shall include manufacturer's (or service provider's) name and address.

The following shall be included on C of C and / or shipping document with each shipment:

- Signed or stamped and dated statement attesting that Goods provided under this contract conform with all contract requirements
- Part number and dash number (as applicable) for each item
- Revision level / version (as applicable) to which the Goods were manufactured (or serviced)
- Trace information, as applicable, representative of each item - to include the lot trace (e.g., date, batch, heat) or the individual item trace (e.g., serial number)
- When multiple item manufacturers (or service providers) and / or multiple lots are included in one shipment, Seller shall separate and identify respective manufacturer's (or service provider's) lots, and indicate each lot quantity

Note: Seller's C of C information may be included as part of Seller's established shipping document.

Counterfeit Parts Prevention

Seller shall procure all material/components directly from the OEM (Original Equipment Manufacturer)/OCM (Original Component Manufacturer), or a first tier OEM/OCM authorized distributor. A certificate of conformance shall be provided that includes the following: the procurement document, the OEM/OCM name, location, part number, lot number, serial number, and/or date code of items shipped. Seller shall also provide the original certificate of conformance received from the OEM/OCM. Buyer approval shall be required if the Seller cannot procure the material/components directly from the OEM/OCM or a first-tier authorized distributor (i.e., part obsolescence issue). Seller shall implement and maintain a Counterfeit Parts Prevention Program compliant to DFARS 252.246-7007 and AS5553 and/or AS6174.

If counterfeit parts are furnished under this purchase agreement, such items shall be impounded. The seller shall promptly replace such items with items acceptable to Phoenix Logistics, Inc. and the seller may be liable for all costs relating to impoundment, removal, and replacement. Phoenix Logistics, Inc. may turn such items over to US Governmental authorities (Office of Inspector General, Defense Criminal Investigative Service, Federal Bureau of investigation, etc.) for investigation and reserves the right to withhold payment for the items pending the results of the investigation.

Conflict Minerals Compliance

The supplier shall comply with due diligence and reporting requirements of the Dodd-Frank Act of 2010 in regards to conflict minerals. Gold, tin, tungsten or tantalum used in any components delivered as part of this purchase order must be verified to be from "conflict-free" sources. To comply with this requirement, the source metals (gold, tin, tungsten and tantalum) must be traceable to a smelter that meets the conflict-free requirements.

Changes to Product, Documentation and Processes

Supplier shall notify Silverado Cable Company of changes in product and/or process definition and, where required, obtain the approval of Silverado Cable Company.

Invoicing for Goods

Supplier shall render separate invoices for each shipment within 24 hours after shipment, and mail invoices to the address shown on this agreement or order. If prepayment of transportation charges is authorized, supplier shall include the transportation charges from the FOB point to the destination as a separate item on the invoice stating the name of the carrier used.

Payment Terms

Invoices shall be paid in accordance with the terms in this agreement, and due dates for payments shall be computed from the date of receipt of the invoices by Silverado Cable.

Right of Access

During the performance of this agreement, authorized representatives of Silverado Cable, its customer or the Government shall have the right to visit the Suppliers facilities involved in the performance hereunder at any time during normal business hours to review, monitor, coordinate, or expedite performance and to secure necessary information for such purposes.

Inspection

Supplier's facility, equipment, and goods and services purchased under these terms are subject to Silverado Cable's inspection and acceptance. Payment for the goods and services shall not constitute acceptance. Goods and services shall only be deemed accepted when they have actually been counted, inspected, and tested by Silverado Cable and found to be in conformance with these terms. Goods rejected and/or goods supplied in excess of those ordered or delivered in advance of the delivery schedule may, in addition to Silverado Cable's other rights, be returned to Supplier at its expense, including all expenses of unpacking, examining, repacking, and reshipping such goods. If Silverado Cable receives goods or services with defects or nonconformities whether or not apparent on inspection, Silverado Cable reserves the right to require a refund or replacement, as well as transportation costs and payment of damages. Nothing contained in these terms shall relieve Supplier from the obligations of testing, inspection and quality control. The supplier ensures the use of customer-approved special process sources, where required.

Certified Test and Inspection Data

The supplier shall provide test specimens, test reports, inspection records and/or design approval to demonstrate conformance to requirements of drawing, specifications or purchase order.

Quality Management System

If applicable, Supplier shall maintain a quality system that complies with either the ISO9001/9002, AS9100, MIL-STD-45208 or MIL-Q-9858 quality standards.

Qualification of Personnel

Records showing competence, awareness and training of personnel in relationship to the job tasks they are performing shall be provided to Silverado Cable Company upon request.

Source Inspection

Silverado Cable Company reserves the right to perform a source inspection at the supplier's facility. The supplier shall provide all test and inspection reports/records and equipment necessary to perform the appropriate inspection of product.

*Quality Record Retention

The supplier shall maintain a system with the ability to recall records upon request from Silverado Cable Company, their customer, or US Government. These records may include quality records, inspection/ test records and any certifications pertinent to the product and shall be maintained for a minimum of 7 years after completion of the purchasing contract.

Nonconforming Product

The supplier shall have a procedure or process in place to notify Silverado Cable Company of nonconforming product that has been sent to our organization. Upon receipt and notification from the supplier of nonconforming product, Silverado Cable Company will disposition the product as acceptable as is or reject back to the supplier.

Identification

All product and documentation will be identified with applicable part numbers, description, and specifications, drawing number, process requirements, inspections instructions and other relevant.

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Test Reports, Physical/Chemical

The supplier shall provide a physical and chemical test report for all raw materials, with the name and number of the specification with which the material is in compliance with.

Packing, Delivery and Shipment

All goods shall be packed and shipped in accordance with instructions or specifications in these terms. In the absence of any such instructions, Supplier shall comply with the best commercial practice to ensure safe arrival at destination at the lowest transportation cost. **TIME IS OF ESSENCE AS TO THE DELIVERABLES HEREUNDER.** If goods are not delivered or services provided by the date specified, Silverado Cable may terminate, without liability, these terms as to the items not yet shipped or services not yet rendered, by notice effective upon receipt by Supplier. In such instance, Silverado Cable may purchase substitute items or services elsewhere and charge the originally requested Supplier with any loss incurred. If in order to comply with Silverado Cable's required delivery date it becomes necessary for the Supplier to ship by a more expensive method than specified in these terms, Supplier shall pay increased transportation costs, unless the necessity for such rerouting or expedited handling has been caused by Silverado Cable.

Termination

Silverado Cable may terminate all or any part of this order at any time for its convenience upon written notice to Supplier. Silverado Cable will pay a reasonable termination charge based on a percentage of the order price reflecting the percentage of work performed by Supplier prior to termination. Any claim for payment of such termination charges must be submitted in writing to Silverado Cable within thirty (30) days of receipt of termination. Silverado Cable shall have the right to audit all elements of any termination claim, and Supplier shall make available to Silverado Cable on request all books, records and papers relating hereto. Late deliveries, deliveries of products which are defective or which do not conform to this order, failure to perform as agreed, and failure to provide reasonable assurances of future performance upon request, shall all be reasons allowing Silverado Cable to terminate these terms for cause. In such event Supplier shall be liable for any damages (or at Silverado Cable's option specific performance) due to Suppliers breach or default. Neither party will be liable to the other for any delay or failure to perform if that delay or failure results from an unforeseeable cause beyond its reasonable control, except that Silverado Cable may terminate all or any portion of this order without liability to Supplier if such delay or failure to perform by Supplier or on behalf of Supplier extends beyond thirty (30) days of Silverado Cable's requested delivery date. Silverado Cable's total liability for damages under these terms shall not exceed the price allocable to the goods or services giving rise to the claim.

Dispute Resolution

Both parties agree that any claims or disputes, except for claims or disputes relating to intellectual property, will be submitted in non-binding mediation prior to initiation of any formal legal process.

Customer Specific Instructions

Where appropriate, all customer specific instructions documented in the body of the purchase order shall be adhered to.

DFAR 252.225-7009 Restriction on Acquisition of certain articles containing Specialty Metals

Applies if work to be furnished contains specialty metals. To download DFAR go to: http://farsite.hill.af.mil/reghtml/regs/far2afmc/fars/fardfars/dfars/dfars225.htm#P1469_80875
The Supplier shall maintain record evidence on file that all specialty metals used meet DFAR 252.225-7009 (previously DFAR 252.225-7014) and shall make that evidence available to Silverado Cable immediately upon request. Record evidence of compliance to DFAR 252.225-7009 shall be maintained for a minimum of 7 years after completion of the purchasing contract.