



**ADVANCED TECHNOLOGIES
INCORPORATED**
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TERMS AND CONDITIONS

This purchase order is Advanced Technologies, Inc.'s (ATI) offer to subcontractor/supplier is expressly limited to the terms and conditions of this document. Acceptance of order or commencement of work in support of this order shall constitute conclusive evidence of acceptance.

INSPECTION, ACCEPTANCE AND REJECTION OF DELIVERABLES

Any offer of goods that is non-conforming as to product ordered, quality, quantity or delivery schedule shall constitute a breach of this order and ATI shall have the right to reject such goods, in whole or in part, and will notify the subcontractor/supplier of such action. The Buyer will not accept counterfeit parts, and the Seller must take appropriate steps to ensure that no counterfeit parts are delivered. ATI shall be entitled to all remedies provided by law in the State in which the order was originated. ATI reserves the right to any of the following: 1) to hold non-conforming goods for a reasonable period of time at subcontractor's/supplier's risk and expense pending a determination to accept or reject any or all of those goods, 2) to return those goods to subcontractor/supplier at subcontractor's/supplier's expense for replacement or correction, 3) to accept non-conforming goods with the condition they are subject to an equitable price reduction, 4) to replace or correct non-conforming goods and charge the subcontractor/supplier the cost incurred to ATI for such action, 5) to recover by offset or otherwise any and all expenses, costs, price reduction and damages paid, incurred or suffered by ATI as a result of holding, returns, replacement, correction, reductions, or rejections of non-conforming goods, or 6) to cancel this order in its entirety with subcontractor/supplier having no claim on funds originally offered and subcontractor shall hold ATI harmless.

SUPPLIER RESPONSIBILITY

Supplier shall ensure that all employees are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

RIGHT TO ACCESS

Work under this purchase contract is subject to buyer surveillance at seller and supplier locations. Buyer's Quality Representative may elect to conduct inspection either on a random basis or to the extent of 100% inspection. Seller will be notified if Buyer inspection is to be conducted on specific shipments. No shipments are to be held for buyer inspection unless notification is received prior to, or at time of, product being ready for shipment.

DELIVERY

Subcontractor/supplier shall strictly adhere to the delivery and completion schedule specified on this order. If, at any time, the subcontractor/supplier believes they may be unable to comply with the delivery or completion schedules, subcontractor/supplier shall immediately notify ATI's purchasing department in writing of the probable length of the anticipated delay and the reasons for it, and shall continue to notify and update ATI's purchasing department of any change in the situation in a timely manner. In the event of such notification of the subcontractor's/supplier's failure to comply with the delivery or completion schedules, ATI reserves the right to request and/or require the subcontractor/supplier to ship goods via air freight or expedited routing to avoid or minimize the delay in schedule, in addition to all the other remedies. In the event of early delivery, ATI reserves the right to store such goods at the subcontractor's/supplier's expense until the time or originally scheduled delivery date.

CHANGES

ATI may at any time, by a written order signed by its authorized purchasing representative, make changes within the general scope of this order which may affect the following: 1) drawings, designs, or specifications; 2) method of shipment; 3) place of inspection, delivery or acceptance; or 4) delivery schedules. If such change causes an increase or decrease in the cost of, or the time required for performance of this order, an equitable adjustment shall be made in the order price or delivery schedule or both, and the order will be modified in writing.

APPLICABLE LAW

This order shall be governed by and construed in accordance with the laws of the state in which ATI's purchasing department placing this order is located regardless of the places of execution or performance of this order.

EQUAL OPPORTUNITY EMPLOYER

The provisions of Section 202 of Executive Order 11246, the provisions of the Equal Opportunity Clause in 38 USC 2012, the Vietnam Era Readjustment Act of 1974 and the provisions of the Equal Opportunity Clause Section 503 of the Rehabilitation Act of 1973 are expressly incorporated herein by reference and shall be applicable to this purchase order, contract, subcontract, or government bills of lading unless exempt under the rules, regulations, or orders of the Secretary of Labor.

SUPPLIER NOTIFICATION REQUIREMENTS

Subcontractor shall notify ATI of any changes in product/process, changes of suppliers, changes of manufacturing facility location, and where required, obtain organizational approval.

RECORD RETENTION

Supplier shall maintain records of inspections, tests, and process controls called for by this contract. Unless extended retention requirements are specified elsewhere in this contract, these documents shall be on file and available to ATI for seven (7) years from date of purchase order. At any time during the retention period, at ATI's request, Supplier will deliver said records to ATI at no additional cost.