

Title: ALTEMP ALLOYS, INC. TERMS AND CONDITIONS

FORMATION OF CONTRACT: This proposed contract is Altemp Alloys, Inc. [Buyer's] offer to purchase the goods and services (Goods) described in this offer. Acceptance is strictly limited to the terms and conditions in this offer. Unless specifically agreed to in writing by Buyer's Authorized Procurement Representative, Buyer objects to, and is not bound by, any term or condition that differs from or adds to this offer. Seller's commencement of performance or acceptance of this offer in any manner shall conclusively evidence acceptance of this offer as written.

SCHEDULE: Seller shall strictly adhere to the shipment or delivery schedules specified in this contract. In the event of any anticipated or actual delay, including but not limited to delays attributed to labor disputes, Seller shall: (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide Buyer with a written recovery schedule; and (iii) if requested by Buyer, ship via air or other expedited routing at Seller's expense to avoid or minimize delay to the maximum extent possible, unless Seller is excused from prompt performance as provided in the "Force Majeure" article of this contract. The added premium transportation costs are to be borne by Seller.

Seller shall not deliver Goods prior to the scheduled delivery dates unless authorized by Buyer.

Seller shall not exceed shipping allowance of plus or minus 10%, unless authorized in writing by Buyer. There shall be no shipping allowance on piece count, unless authorized in writing by Buyer. Seller shall be responsible for freight charges on all returned goods.

PACKING AND SHIPPING: Seller shall pack the Goods to prevent damage and deterioration. Seller shall comply with carrier tariffs. Unless this contract specifies otherwise, the price includes shipping charges for Goods sold F.O.B. destination. Unless otherwise specified in this contract, Goods sold F.O.B. place of shipment shall be forwarded collect. Seller/Shipper shall declare the value of the goods at the maximum value within the lowest rating. Buyer may charge Seller for damage to or deterioration of any Goods resulting from improper packing or packaging. Unless this contract specifies otherwise, Seller will ship the Goods in accordance with the following instructions:

- (i) Shipments by Seller or its subcontractors must include packing sheets containing Buyer's contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections. A shipment containing hazardous and non-hazardous materials must have separate packing sheets for the hazardous and non-hazardous materials. Seller shall not include vermiculite or other hazardous substance in any packing material included with the Goods. The shipping documents will describe the material according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents.
- (ii) Seller will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g., box 1 of 2, box 2 of 2).
- (iii) Buyer will select the carrier and mode of transportation for all shipments where freight costs will be charged to Buyer.
- (iv) Seller will include copies of documentation supporting prepaid freight charges (e.g., carrier invoices or UPS shipping log/manifest), if any, with its invoices.
- (v) If Seller is unable to comply with the shipping instructions in this contract, Seller will contact Buyer's Traffic Management Department referenced elsewhere in this contract or Buyer's Authorized Procurement Representative.

QUALITY CONTROL: Seller shall establish and maintain a quality control system acceptable to Buyer for the Goods purchased under this contract. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. Seller shall have a continuing obligation to promptly notify Buyer of any violation of or deviation from Seller's approved inspection/quality control system and to advise Buyer of the quantity and specific identity of any Goods delivered to Buyer during the period of any such violation or deviation.

SELLER'S NOTICE OF DISCREPANCIES: Seller shall notify Buyer in writing when discrepancies in Seller's process or Goods are discovered or suspected regarding Goods delivered or to be delivered under this contract.

INSPECTION: At no additional cost to Buyer, Goods shall be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' locations. Buyer shall perform inspections; surveillance and tests so as not to unduly delay the work.

Seller shall maintain an inspection system acceptable to Buyer for the Goods purchased under this contract.

If Buyer performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

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ACCEPTANCES AND REJECTION: Buyer shall accept the Goods or give Seller notice of rejection or revocation of acceptance ("rejection" herein), notwithstanding any payment, prior test or inspection, or passage of title. No inspection, test, delay or failure to inspect or test or failure to discover any defect or other nonconformance shall relieve Seller of any obligations under this contract or impair any rights or remedies of Buyer.

If Seller delivers non-conforming Goods, Buyer may at its option and at Seller's expense (i) return the Goods for credit or refund; (ii) require Seller to promptly correct or replace the Goods; (iii) correct the Goods; or (iv) obtain replacement Goods from another source.

Seller shall not redeliver corrected or rejected goods without disclosing the former rejection or requirement for correction. Seller shall disclose any corrective action taken. Repair, replacement and other correction and redelivery shall be completed within the original delivery schedule or such later time as Buyer's Authorized Procurement Representative may reasonably direct.

All costs and expenses and loss of value incurred as a result of or in connection with nonconformance and repair, replacement or other correction may be recovered from Seller by equitable price reduction or credit against any amounts that may be owed to Seller under this contract or otherwise.

WARRANTY: Seller warrants that all Goods furnished under this contract shall conform to all specifications and requirements of this contract and shall be free from defects in materials, workmanship and materials specifications. This warranty shall survive inspection, test and acceptance of, and payment for, the Goods. This warranty shall run to Buyer and its successors, assigns and customers. Such warranty shall begin after Buyer's final acceptance. Buyer may, at its option, either (i) return for credit or refund, or (ii) require prompt correction or replacement of the defective or non-conforming Goods. Return to Seller of defective or non-conforming Goods and redelivery to Buyer of corrected or replaced Goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to this article and the "Inspection" article of this contract in the same manner and to the same extent as Goods originally delivered under this contract, but only as to the corrected or replaced part or parts thereof. Even if the parties disagree about the existence of a breach of this warranty, Seller shall promptly comply with Buyer's direction to: (i) repair, rework or replace the Goods. If the parties later determine that Seller did not breach this warranty, the parties shall equitably adjust the contract price.

INDEMNIFICATION: Seller will indemnify and save harmless Buyer, its directors, officers, employees, agents and invitees from and against all liability, attorneys' fees, by reason on or account of property damage, economic damage, death and personal injury of whatsoever nature or kind arising out of, as a result of, or in connection with the performance of this order that is occasioned by the actions or omissions of Seller or its subcontractors or suppliers of any tier.

TAXES: Unless this contract specifies otherwise, the price of this contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this contract except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption.

INVOICES AND PAYMENT: Unless otherwise authorized by Buyer's Authorized Procurement Representative, Seller shall issue a separate original invoice for each delivery that shall include Buyer's contract number and line item number. Seller shall forward its invoice to the address specified elsewhere in this contract. Unless freight or other charges are itemized, Buyer may take any offered discount on the full amount of the invoice. Payment due date, including discount periods, shall be computed from the later of the scheduled delivery date, the actual delivery date or the date of receipt of a correct invoice. Payment shall be deemed made on the date Buyer's check is mailed or payment is otherwise tendered. Seller shall promptly repay Buyer any amounts paid in excess of amounts due Seller.

PRICES AND MATERIAL CHANGES: Sellers warrants that none of the articles furnished under this order are surplus, used, remanufactured, weld repaired or reconditioned or of such age or so deteriorated as to impair the usefulness or safety thereof, unless otherwise specifically stated on the face of this order. Unless otherwise provided on the face of this order the prices appearing herein include all packaging, crating and federal, state and local taxes, if applicable, are firm for the delivery period shown, and shall not be amended or increased without express written agreement of the parties and/or as stated on P.O., such as: P.I.E. Buyer reserves the right to reject all or any part of any delivery that is offered or delivered at prices other than those appearing on the purchase order.

When directed by Buyer Seller shall comply immediately with changes to Buyer-furnished property; and, if this contract includes services, description of services to be performed; time of performance (e.g., hours of the day, days of the week); place of performance, and terms and conditions of this contract required to meet Buyer's obligations under Government prime contracts or subcontracts.

If Seller considers that Buyer's conduct constitutes a change, Seller shall notify Buyer's Authorized Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Buyer's Authorized Procurement Representative, Seller shall take no action to implement any such change.

DISPUTES: A court of competent jurisdiction may decide any dispute that arises under or is related to this contract that cannot be settled by mutual agreement of the parties. Pending final resolution of any dispute, Seller shall proceed with performance of this contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute. The construction, interpretation and performance hereof and all transactions hereunder shall be governed by the law of the State of California excluding any such laws which may direct the application of the laws of another jurisdiction. Jurisdiction and venue shall be proper only in a state or federal district court in Orange County, California.

FORCE MAJEURE: Seller shall not be liable for excess re-procurement costs pursuant to the "Cancellation for Default" article of this contract, incurred by Buyer because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of Seller. Examples of these causes are (a) acts of God or of the public enemy, (b) acts of the Government in its sovereign or contractual capacity, (c) fires, (d) floods, (e) epidemics, (f) quarantine restrictions, (g) strikes, (h) freight embargoes and (i) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of Seller. If the delay is caused by delay of a subcontractor of Seller and if such delay arises out of causes beyond the reasonable control of both, and if such delay is without the fault or negligence of either, Seller shall not be liable for excess costs unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedules. Seller shall notify Buyer in writing within 10 days after the beginning of any such cause.

TERMINATION: Buyer reserves the right to terminate this order in whole or in part for Seller's default (i) if Seller fails or refuses to perform in accordance with any of the requirements of this order or to make progress so as to endanger performance hereunder or (ii) if Seller becomes insolvent or suspends any of its operations, or if any petition is filed or proceeding commenced by or against Seller under any state or federal law relating to bankruptcy, arrangement, reorganization, receivership or assignment for the benefit of creditors. Any such termination will be without liability to Buyer except for the benefit of creditors. Any such termination will be without any liability to Buyer except for completed articles delivered and accepted by Buyer, payment for which can be set off against damages to Buyer any or all property produced or procured by Seller for performance of the work terminated and Seller shall be credited with the reasonable value thereof not to exceed Seller's cost or the contract price, whichever is less. Seller will be liable for all damages caused by or resulting from its default including but not limited to excess costs of reprocurement. Termination of the Order for default shall be without prejudice to any other rights and remedies of the Buyer under statute or common law.

BUYER'S PROPERTY: Seller shall clearly mark; maintain an inventory of, and keep segregated or identifiable all of Buyer's property and all property to which Buyer acquires an interest by virtue of this contract. Seller assumes all risk of loss, destruction or damage of such property while in Seller's possession, custody or control, including any transfer to Seller's subcontractors. Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss. Seller shall not use such property other than in performance of this contract without Buyer's prior written consent. Seller shall notify Buyer's Authorized Procurement Representative if Buyer's property is lost, damaged or destroyed. As directed by Buyer, upon completion, termination or cancellation of this contract, Seller shall deliver such property, to the extent not incorporated in delivered Goods, to Buyer in good condition subject to ordinary wear and tear and normal manufacturing losses.

CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION AND MATERIALS: Seller shall not, without the prior written consent of Buyer, make any release of information concerning this order of any other information related to the Buyer (other than to Seller's employees and subcontractors that is required for the performance of their duties), including providing copies of this order or identifying the Articles sold by Seller to Buyer, nor use the name of Buyer in any advertising or publicity, except as may be necessary to comply with a subpoena or other proper mandatory legal demand. However, despite any other obligations or restrictions imposed by this article, Buyer shall have the right to use, disclose and reproduce Seller's Proprietary Information and Materials, and make derivative works thereof, for the purposes of testing, certification, use, sale or support of any Goods delivered under this contract or any other agreement referencing this contract. Any such use, disclosure, reproduction or derivative work by Buyer shall, whenever appropriate, include a restrictive legend suitable for the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from Buyer's Proprietary Information and Materials. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this contract, Seller shall return to Buyer all of Buyer's Proprietary Information and Materials and all materials derived there from, unless specifically directed otherwise in writing by Buyer. Seller shall not, without the prior written authorization of Buyer, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying or made in accordance with or by reference to any Proprietary Information and Materials of Buyer. Prior to disposing of such parts or other materials as scrap, Seller shall render them unusable. Buyer shall have the right to audit Seller's compliance with this article. Seller may disclose Proprietary Information and Materials of Buyer to its subcontractors as required for the performance of this contract, provided that each such subcontractor first agrees in writing to the same obligations imposed upon Seller under this article relating to Proprietary Information and Material. Seller shall be liable to Buyer for any breach of such obligation by such subcontractor. The provisions of this article are effective in lieu of any restrictive legends or notices applied to Proprietary Information and Materials. The provisions of this article shall survive the performance, completion, termination or cancellation of this contract.

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RECORDS AND AUDIT: Seller shall retain all records and documents pertaining to the Goods for a period of no less than twenty-five years or as stipulated by Purchase Order, and/or regulatory authorities. Such records and documents shall date back to the time this contract was issued and shall include without limitation, invoices and inventory records for purposes of verification of charged by Seller for Goods procured by Buyer. Test reports, drawings and/or specifications and any other documentation affecting the quality of the Goods. Buyer shall have the right to examine, reproduce and audit all such records related to quality performance to evaluate the accuracy, completeness of the data submitted with Seller's bid or offer to sell; and related to "Changes," "Termination" or "Cancellation" articles of this contract.

RIGHTS OF BUYER'S CUSTOMERS AND REGULATORS TO PERFORM INSPECTION, SURVEILLANCE AND TESTING: Buyer's rights to perform inspections, surveillance and tests and to review procedures, practices, processes and related documents related to quality assurance, quality control and configuration control shall extend to the customers of Buyer that are departments, agencies or instrumentalities of the United States Government and to the United States Government Federal Aviation Administration and any successor agency or instrumentality of the United States Government. Buyer may also, at Buyer's option, by prior written notice from Buyer's Authorized Procurement Representative, extend such rights to other customers of Buyer and to agencies or instrumentalities of foreign governments equivalent in purpose to the Federal Aviation Administration. Seller shall cooperate with any such United States Government-directed or Buyer-directed inspection, surveillance, test or review without additional charge to Buyer. Nothing in this contract shall be interpreted to limit United States Government access to Seller's facilities pursuant to law or regulation.

GRATUITIES: Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this contract or securing favorable treatment under this contract.

RIGHTS AND REMEDIES: Any failures, delays or forbearances of either party in insisting upon or enforcing any provisions of this contract, or in exercising any rights or remedies under this contract, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. Except as otherwise limited in this contract, the rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the parties may have at law or in equity. If any provision of this contract is or becomes void or unenforceable by law, the remainder shall be valid and enforceable.

COMPLIANCE WITH LAWS: Seller shall comply with all applicable federal, state and local laws, executive orders, rules and regulations during the performance of this order, including those pertaining to United States Commerce Export Controls.

CODE OF CONDUCT: Buyer is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Buyer's expectation is that Seller also will conduct its business fairly, impartially, and in an ethical and proper manner. Buyer's further expectation is that Seller will have (or will develop) and adhere to a code of ethical standards. If Seller has cause to believe that Buyer or any employee or agent of Buyer has behaved improperly or unethically under this contract, Seller shall report such behavior to Altemp Alloys, Inc management.

NONWAIVER: No failure by Buyer to assert its rights under any provision of this order, or failure of Seller to perform any provision of this order, shall be effective as a waiver thereof unless consented to in writing by the Buyer, nor shall any such waiver constitute an advance waiver of any other provision or failure to perform.

ENTIRE AGREEMENT: This contract contains the entire agreement of the parties and supersedes any and all prior agreements, understandings and communications between Buyer and Seller related to the subject matter of this contract. No amendment or modification of this contract shall bind either party unless it is in writing and is signed by Buyer's Authorized Procurement Representative and an authorized representative of Seller.

Revision History:

Revision	Date	Description
1	07/28/06	Original
2	10/01/06	Address was changed
3		

Approved by: _____ signature on file _____ Dated: July 28, 2006
 Connie Mayhill, President