

Terms and Conditions

The parties to this agreement are the addressee on the reverse hereof, ("Seller") and Lake Union Drydock Company, ("Buyer")

General - This purchase order is an offer to enter into a contract on condition that acceptance, acknowledgment and performance shall be expressly limited to these terms and conditions which are the complete and exclusive statement of terms of agreement between Seller and Buyer. Additional or different terms are hereby rejected by Buyer unless specifically agreed to in writing. This P.O. is made pursuant to the laws of Washington and shall be construed, interpreted and governed under such law. The parties agree that jurisdiction and venue of any litigation arising hereunder shall be in a court located in Seattle. This P.O. shall not be assigned, transferred or sublet in whole or in part without prior written consent of Buyer.

Delivery/Performance - Time is of the essence. Delivery and performance shall be strictly in accordance with terms specified in this P.O. Delivery shall be F.O.B. Buyer's shipyard unless otherwise specified. If some other F.O.B. point is specified, merchandise shall be delivered to a common carrier at such specified point properly consigned to Buyer, and Seller shall promptly supply certifications, material safety data sheets and other documentation requested by Buyer.

Warranties - Seller warrants title to goods delivered hereunder, and warrants that all goods, work or services will conform to the requirements of the contract between Buyer and Seller set forth in the purchase order(s) and any other written descriptions, specifications and drawings, will be free from defects in material and workmanship, will conform to best marine practice and all applicable federal, state and local laws and regulations governing performance, manufacture and sale, will be of best merchantable quality, free from defects in design and fit for intended purposes. Acceptance of or payment for the goods, work or services by Buyer shall not release seller from its obligations hereunder. Seller's warranties shall be assignable to Buyer's customers and any subsequent owners or operators of the goods furnished. Seller will indemnify and hold Buyer harmless against any and all suits, claims, demands and/or expenses, patent infringement litigation, materialmen's or laborer's liens, or any claim by third parties in, to or on account of the goods, work or services ordered. These express warranties shall be in addition to any warranties customarily made by Seller.

Changes - Buyer may make changes to the P.O. by written order signed by the Buyer, and if any such change increases or decreases the cost, the price established under the P.O. shall be modified in writing accordingly. Failure to agree on any claim for adjustment in price shall not excuse Seller from diligently prosecuting the performance of work hereunder as changed. Buyer may terminate this P.O. for its convenience in whole or in part by written notice at any time. If this P.O. is terminated for convenience, any claim of Seller shall be limited to Seller's reasonable costs incurred in performance of this P.O.

Default - If Seller fails to timely perform or deliver conforming merchandise or work as provided in this P.O., or fails to make progress as to endanger timely performance, or fails to comply with any other provision of this order or its terms and conditions, Buyer may take action to correct such failure, including but not limited to cancellation of P.O. and/or repurchase, replacement or rework of all or a part of the non-conforming merchandise or work, and any resulting loss and expense shall be charged to Seller and/or deducted from

Seller's invoice. In event of default with respect to any provisions, terms or conditions of this P.O., Seller will be liable for all cost and damages resulting from such default on the part of the Seller.

Packaging - Unless otherwise specified, all packing and packaging shall comply with good economical practice and applicable carrier's tariffs, and shall consist of suitable containers for optimum protection of the merchandise. The price includes all charges for such packing and packaging and for transportation to the F.O.B. point. Seller shall label containers of all goods which are known to constitute a health, safety, poison, fire or explosion hazard in accordance with applicable labeling laws.

Enforceability - Any waiver of any provision of this P.O. and any consent to any departure therefrom by the Buyer shall be effective only in the specific instance and for the specific purpose for which given. Neither failure nor delay on the part of Buyer to exercise any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy under this P.O. No notice to or demand on the Seller in any case shall entitle the Seller to any other or further notice or demand in similar or other circumstances. The rights herein provided are cumulative and not exclusive of any rights provided by law.

Subcontractor Requirements - If this P.O. relates to Seller's performance of work or provision of services directly to any vessel or part thereof, the current Lake Union Drydock Company Standard Subcontract Supplemental Terms and Conditions, a separate document, is hereby incorporated by reference and made a part hereof. Seller is responsible for obtaining a copy thereof and compliance with all of its provisions. The current form is dated November 2003.

Buyer's Inspection - Merchandise is subject to Buyer's inspection and approval within a reasonable time after delivery. If specifications are not met, merchandise may be returned at seller's expense. Acceptance of the merchandise by Buyer shall not relieve Seller from any of its obligations and warranties hereunder. In no event shall Seller's payment be deemed to constitute unconditional acceptance of the merchandise.

Payment Terms - Unless otherwise stated, the prices do not include sales, use, excise, and similar taxes applicable to the merchandise furnished hereunder or the materials used in the manufacture thereof. All such taxes and charges shall be shown separately on Seller's invoice. Unless otherwise indicated terms will be 2% - 10 days. Cash discount period will date from receipt of the properly prepared invoice or, receipt of merchandise or services, whichever is later.

Equal Opportunity - During the performance of this P.O. Seller, unless exempt, agrees to comply with the Equal Opportunity Clause contained in Section 202m of Executive Order 11246 and relevant amendments thereto.

Lake Union Drydock Co.
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