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SERVICE CONTRACT — TERMS AND CONDITIONS

1. **PERFORMANCE OF WORK.** Contractor shall be an independent contractor. Unless otherwise specified, contractor shall furnish all necessary labor, supervision, services, material, supplies, tools and equipment, and shall complete the work hereunder in compliance with the terms of this Order and of any applicable specifications. Contractor shall execute the work so as to require minimum shut-downs, if any, of Owner's operations, any such shut-downs to be scheduled by Owner. All materials shall be suitable for the purpose intended and shall be new unless otherwise specified. Contractor shall utilize Owner products in the work to the extent practicable. Contractor shall at all times keep the premises free from accumulations of waste material and rubbish resulting from its operations and, upon completion, it shall remove all surplus materials and leave the premises broom clean. During the progress of the work, Contractor shall take every precaution against the possibility of fire and any other hazard to persons or property and shall comply with all safety regulations and instructions of Owner. Contractor will not permit any attachment or lien, arising out of work to be performed hereunder, to be imposed upon Owner's property.

2. **TIME OF COMPLETION.** Time is of the essence. Work shall be started and performed in accordance with terms hereof and of any applicable specifications and shall be completed on or before the date set forth in this Order.

3. **PRICE AND PAYMENT.** Unless otherwise provided herein, the price specified on this Order is a lump sum fixed price and includes all taxes not expressly imposed by law on Owner. Specifically, all taxes based upon gross or net income or receipts and imposed upon Contractor shall be borne by Contractor. Contractor represents that it is familiar with the premises, nature of the work, and conditions relating to performance of the work, and that the compensation specified herein is based on an independent examination of the site and that Contractor will make no claim for additional compensation if conditions encountered differ from those anticipated from such examination. Unless otherwise provided, compensation specified herein shall be due thirty (30) days after completion of work in accordance with the terms of this Order and all applicable specifications, but only after acceptance of work by Owner, and upon receipt by Owner of an invoice therefor; provided, however, that prior to payment, Contractor shall deliver to Owner, if requested: (i) a release of all liens arising out of this Order or receipts in full covering all labor and materials for which a lien could be filed or a bond satisfactory to Owner indemnifying it against such liens; and (ii) a release discharging Owner, its successors and assigns, officers, employees and agents of and from all liabilities, obligations and claims arising under or by virtue of this Order. If this Order is issued on a cost-reimbursable basis, Contractor will avail himself, for the benefit of Owner, of all refunds, rebates, credits, trade discounts, prompt payment discounts and insurance premium dividends that may be obtained.

4. **INDEMNITY.** Contractor agrees to protect, indemnify and hold harmless Owner, its agents and employees from and against (a) any loss, damage, liability, claim, demand, suit, or cost of any nature whatsoever (including but not limited to counsel fees and related expenses): (i) asserted by any employee, subcontractor or other agent of Contractor for property damage, personal injury or death, or any other reason, arising out of, in connection with or incidental to the work performed by Contractor and its subcontractors under this Order, whether such loss, damage, liability, claim, demand, suit or cost shall arise out of, in connection with or incidental to acts or omissions of Owner, its agents and employees; provided however, that neither this provision nor any other provision of this Order shall be construed in any circumstances to constitute an indemnification against any loss damage, liability, claim, demand, suit or cost caused solely by the negligence of said Owner, its agents and employees, or (ii) resulting from infringement or alleged infringement, or the like (except to the extent to which detailed specifications were furnished by Owner); (b) any lien or other encumbrance against the premises on account of debts or claims alleged to be due from Contractor to any person, including other contractors, subcontractors, suppliers or employees or agents of Contractor; and (c) penalty or damage incurred by reason of Contractor's failure to obtain any required permits or licenses or to comply with any applicable laws, rules and regulations. If so directed by Owner, Contractor will defend at its own expense, on behalf of Owner, any claims based upon contingencies against which Contractor is obligated to indemnify Owner hereunder. The foregoing obligations shall survive completion or termination of this Order.

5. **INSURANCE.** (a) Contractor shall procure and maintain, at its expense, the following types of insurance, in amounts at least equal to those specified below, issued by companies meeting Owner's approval: (i) Worker's Compensation Insurance, including occupational diseases providing for the payment of statutory benefits as required by law, covering all persons employed by the Contractor on work under the Contract, Employers' Liability Insurance with a minimum limit of \$500,000 and Longshoremen's and Harbor Workers' Compensation Act Insurance, if applicable; (ii) Comprehensive General Liability Insurance providing coverage with \$1,000,000 single limit for bodily injury and property damage each occurrence, such coverage to include contractual liability and products (including completed operations) and specialized coverage with respect to liability of the Contractor and its subcontractors arising from explosion, collapse and underground damage (XCU); and (iii) Comprehensive Automobile Liability Insurance providing coverage with limits as specified for Comprehensive General Liability Insurance. (b) Owner may revise the types and limits of insurance at any time during the period of this Order. (c) Contractor shall require each subcontractor to provide and maintain Statutory Worker's Compensation Insurance, Employer's Liability Insurance in the minimum amount of \$100,000, Longshoremen's and Harbor Workers' Compensation Act Insurance, if applicable, and other types and limits of insurance requested by Owner, covering all persons employed by such subcontractors on work to be performed under this Order. (d) Contractor shall furnish Owner with certificates issued by the insurance company or companies issuing the insurance policies required by this provision (other than subcontractor's policies) prior to commencement of work. Such certificates shall provide that (i) Owner is a named additional insured; and (ii) that written notices shall be given to Owner at its office at 11411 139th Place N. E., Redmond, WA 98073-9709, or at its office location that issued this Order if different, at least forty-five (45) days prior to any cancellation or change in any such policy.

6. **COMPLIANCE WITH LAW.** In the performance of this Order, Contractor shall obtain all permits and licenses required for performance of the work hereunder and contractor shall comply with all applicable federal, state and local laws, rules and regulations. Contractor certifies to Owner that the work will be performed in compliance with all applicable requirements of the Fair Labor Standards Act of 1938, as amended. Rehabilitation Act of 1973, as amended, and the Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era clause prescribed by the

Vietnam Era Veterans Readjustment Assistance Act of 1972, as amended, are incorporated herein, unless this transaction is exempt, and Contractor agrees to submit reports, certificates and other documents required of subcontractors by such Executive Order, and the aforementioned Acts, and the rules, regulations and relevant orders issued under the authority of any of the foregoing. If required, copies of said clause are attached as a supplement hereto and made a part hereof.

7. **GUARANTEE.** Contractor guarantees for a period of one year from date of final acceptance of such work by Owner that all work performed hereunder shall be free from all defects of workmanship and material. Contractor agrees to indemnify Owner against all loss or damage arising during such period out of or in connection with any such defect and agrees, on notice from Owner, promptly to remedy any such defect at Contractor's sole cost. If such loss or damage occurs during the one year guarantee period but continues after the one year has expired, Contractor shall also indemnify Owner for all such continuing loss and damage. If loss or damage occurs during the one year guarantee period but could not have reasonably been discovered by Owner during that time, Contractor shall also indemnify Owner for all such loss or damage for a period of one year after Owner actually discovers such loss or damage. Owner may itself remedy any such defect or request another to do so, at Contractor's expense, if Contractor shall fail to take remedial action promptly upon receipt of notice of such defect.

8. **TERMINATION.** (a) This Order may be terminated in its entirety by either party at any time upon five (5) days' written notice to the other party. If terminated by Owner, then Owner shall pay to Contractor the unpaid balance of all compensation properly earned to the date of termination. (b) If Contractor should so fail to make progress as to endanger completion of work hereunder by the completion date specified herein, or should fail to comply with any provision of this Order, or should file a voluntary petition under any bankruptcy law, be adjudicated a bankrupt, become insolvent or commit an act of bankruptcy, Owner may immediately upon written notice to Contractor, terminate this Order wholly or in part without prejudice to any other remedy. Owner may itself perform the terminated portion of the work, or may have same performed by another, at Contractor's expense. Upon termination, all further obligations of the parties shall cease except as specifically described elsewhere herein. Upon termination, Aerojet's total obligation to Contractor shall be to pay at the agreed upon rate for the total number of hours that Contractor has actually rendered consulting service to Aerojet and has not previously been paid therefor.

9. **CHANGES.** Owner shall have the right to make changes by notice in writing as to the nature or extent of work required by this Order, but no additional charge will be allowed unless authorized in writing by Owner. If any such change materially affects the completion date or cost of the work, Contractor shall promptly notify Owner thereof, and the parties shall negotiate an adjustment. Failure to agree upon an adjustment shall not excuse Contractor from its performance of the work hereunder, as changed by Owner.

10. **TITLE.** Contractor agrees that to the extent permitted by law, all inventions, discoveries, ideas, improvements, computer hardware or software (including firmware), trade secrets, copyrightable works, patentable products, data and design and other forms of intellectual or industrial property conceived actually or constructively reduced to practice or delivered by Contractor, alone or with others, while this Agreement is in effect, or within a reasonable time thereafter, which arise out of or relate to the Services, and modifications, improvements or enhancements thereto (hereinafter the "Intellectual Property") are "works made for hire" exclusively for Aerojet under the copyright, trade secrets or patent laws of the United States. If and to the extent such Intellectual Property is not deemed "works made for hire", Contractor hereby grants, conveys and assigns to Aerojet all right, title and interest in and to the Intellectual Property throughout the world, including, without limitation, (i) the right to reproduce, modify, product derivative works of, translate, publish, sell, use, dispose of the Intellectual Property, and to authorize others to do so; and (ii) the right to copyright or patent and register such copyrights or patents and the right to trade secrets and to protect the same in Aerojet's name. Contractor further agrees, upon request of Aerojet, to execute all necessary papers and cooperate in the fullest degree with Aerojet in securing, maintaining and enforcing any such copyrights or patents or trade secrets. It is understood, however, that these obligations undertaken by Contractor will be at no expense to Contractor.

11. **TOOLS.** If Owner should furnish any tools or equipment to Contractor, the latter shall use same at its own risk and shall be responsible for loss of or damage to such tools and equipment and injury and damage to all persons and other property arising out of the use thereof. Contractor shall store tools, equipment, materials and supplies located on Owner's premises only at places designated by Owner, and Owner assumes no responsibility for loss of or damage to same.

12. **FORCE MAJEURE.** Neither party shall be liable for any delay or failure of performance due solely to strikes, fires or other causes beyond its control and without its fault or negligence, provided that the party subject to such cause shall have given written notice thereof to the other as soon as the same could be anticipated, and if it could not be anticipated, promptly following the commencement thereof. If Contractor should be unable, due to such a cause, to meet all of its performance commitments as they become due, Contractor shall not discriminate against Owner or in favor of any other customer, in rendering performance. Contractor shall use its best efforts to anticipate the effect of such cause and mitigate the effect of such cause and to render performance as expeditiously as possible. However, if Owner believes that the delay or anticipated delay in Contractor's performance may impair Owner's ability to meet its production schedules or may otherwise interfere with its operations, Owner may at its option and without liability to Contractor, cancel any outstanding performance hereunder wholly or in part. Notwithstanding any provision of this Order, Contractor agrees it will not claim that increased costs alone excuse its performance.

13. **EXCUSE.** If either party should elect to discontinue, curtail or limit the performance or utilization of the work hereunder in consequence of the application of any federal, state or local law, rule or regulation, such as, but not limited to, those relating to pollution or energy controls, toxic substances requirements, safety and health regulations, or consumer protection, compliance with which would render, in that party's sole judgment, the performance or utilization of the work economically, technically and/or commercially infeasible, then and in such event that party may terminate this contract upon one (1) days prior written notice to the other.

14. **RECORDS.** If this Order is on a basis other than lump-sum fixed price, (a) Contractor shall maintain complete and accurate books and records in accordance with generally accepted accounting principals and practices and in sufficient detail to reflect the actual cost of performing the work under this Order; (b) Contractor shall furnish Owner with statements of its actual cost at such times and in such form and detail as Owner may request; (c) Owner or its representatives may inspect and audit any and all of Contractor's books, records and accounts relating to this Order at all reasonable times during performance thereof and for a period of one year after payment of the final invoice; and (d) if required by Owner, Contractor's invoices shall be certified by an authorized representative of Contractor in a manner to be prescribed by Owner.

15. **ENTIRE AGREEMENT AND ASSIGNMENT.** Contractor shall not assign this Order or any of its obligations, or any sums due or to become due, under this Order without the prior written approval of Owner, nor shall Contractor subcontract any of the work hereunder without such

approval. This Order constitutes the entire agreement between the parties, superseding any previous agreements or understandings. This Order shall prevail in the event of any inconsistencies between it and the terms and conditions of any quotation, acknowledgment, order, invoice, or document or other understanding of Contractor. Performance of any part of the work hereunder constitutes acceptance of all terms and conditions of this Order regardless of whether or not Contractor has acknowledged it. This Order and any question or controversy arising out of the work to be performed hereunder shall be governed by the law of the State of Washington, without regard to its conflict of law provisions.

16. It is understood that the information developed by or communicated to Contractor in the performance of the Services is of a highly confidential nature. Contractor agrees that, without the prior written approval of Aerojet, Contractor will not, either during or after the term of this Agreement, use any such information except to perform Contractor's duties under the Agreement or disclose such information in any manner to third parties except to persons, including employees of Aerojet and its parent or affiliated companies, who may be designated by Aerojet. This restriction does not apply to information which is in the public domain.

17. It is understood that in the performance of this Agreement Contractor is acting solely as an independent consultant and contractor and not as an employee of Aerojet. Further, nothing in this Agreement shall be construed or applied to create a relationship of partners, agency, joint ventures or of employer and employee. Since Contractor is to be an independent contractor, it is understood that Aerojet has no obligation under State or Federal laws regarding employee liability and Aerojet's total commitment and liability in regard to this arrangement is Contractor's fee and expenses limited as described above.