



PURCHASE ORDER GENERAL TERMS AND CONDITIONS – GOVERNMENT SUBCONTRACT

1. DEFINITIONS

"Buyer" means Teledyne Webb Research, a business unit of Teledyne Instruments Inc. "Seller" means the legal entity selling Goods and/or Services to Buyer. "Order" means any purchase order or similar instrument issued by Buyer to Seller to purchase Goods and/or Services. "Goods" means the products, items, parts, equipment, and like offered by Seller and purchased by Buyer under this Order (as applicable). "Services" means the services offered and/or to be performed by Seller and purchased by Buyer under this Order (as applicable). "Offer" means any quote, proposal, or offer to sell Goods and/or Services by Seller to Buyer. Seller and Buyer are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

2. ACCEPTANCE OF ORDER

(a) All Orders issued by Buyer to Seller expressly include and incorporate the terms and conditions set forth in this Purchase Order General Terms and Conditions document. Buyer and Seller shall be bound by this Order upon the earlier of Seller:

- (i) executing and returning the Order acknowledgement to Buyer;
- (ii) commencing performance pursuant to this Order;
- (iii) delivering to Buyer any of the Goods ordered herein; or
- (iv) rendering to Buyer any of the Services ordered herein.

(b) No term or condition of this Order may be added to, modified, superseded, or altered except by a written instrument signed by a duly authorized purchasing representative of Buyer and delivered by Buyer to Seller. Except as this Order is so changed, any Goods or Services received, accepted, and/or paid for by Buyer shall be only upon the terms and conditions of this Order notwithstanding any restriction, term, or condition of Seller in acknowledging this Order or which may be contained in any form letter or other communication of Seller relating to this Order before, after, or concurrently with Seller's acknowledgment.

3. PACKING AND SHIPPING

(a) Seller shall ship only as specified by this Order, or as subsequently directed in writing by Buyer, and in the strict conformity with any applicable governing tariff rules and regulations.

(b) Seller shall pack or otherwise prepare all Goods to meet carrier requirements and safeguard against damage from weather and transportation.

(c) No charges shall be allowed for packing or cartage unless specifically noted in this Order.

(d) Unless otherwise agreed upon in writing by Buyer, Goods must be shipped prepaid at Seller's expense.

(e) Each package shall be marked with the applicable Order number and include a packing sheet in each package.

4. PUBLIC RELEASES

Except as required by law or regulation, no news releases, public announcement, or advertising material concerned with this Order shall be issued by Seller without the prior written consent of Buyer. Seller shall extend this restriction to all lower-tier vendors and subcontractors involved in the performance of this Order.

5. DELIVERY AND RISK OF LOSS

(a) Buyer's production schedules and warranties to its customers are dependent upon the agreement that deliveries of the Goods covered by this Order shall occur on the required delivery dates shown on the face hereof. Therefore, time is of the essence. Seller shall be responsible for all damages of any kind incurred or suffered by Buyer that are caused by any delay of Seller in making deliveries of acceptable Goods. Seller agrees to notify Buyer in writing immediately if at any time it appears that Seller may not be able to meet the Order delivery schedule. Such notification shall include the reasons for the delay (actual or potential), the steps being taken to remedy the delay, and the anticipated revised delivery schedule. Such notice and any assistance furnished by Buyer to overcome delays shall not be regarded as waiving Buyer's remedies for default, including termination rights, if Seller fails to meet the Order delivery schedule.

(b) Unauthorized advance shipments and shipments other than for the quantity ordered are returnable at Seller's expense.

(c) Identification of the Goods under Section 2-501 of the Uniform Commercial Code shall occur at the moment Seller accepts this Order. Seller shall not be excused from performing its obligations hereunder if the Goods identified are destroyed. Delivery shall not be deemed complete until the Goods have been actually received by Buyer at the delivery location identified on this Order. The risk of loss and damage during transit shall be upon Seller and shall not pass to Buyer until received at Buyer's designated location in a condition in accordance with the terms of this Order. The cost of all return shipments shall be borne by Seller.

6. WAIVER

The failure of Buyer in any one or more instances to enforce any of its rights or to insist upon performance of any of the terms or conditions of this Order shall not be construed as waiving any of the terms and conditions of this Order or any of Buyer's rights or remedies.

7. CHOICE OF LAW

The laws of the State of Massachusetts, excluding its conflicts of laws provisions and excluding the United Nations Convention on the International Sale of Goods ("CISG"), govern the interpretation and enforcement of this Order.

8. WARRANTIES

(a) All warranties of Seller, whether created expressly by law or in fact, are incorporated herein by reference and shall include, and are supplemented by, the following express warranties:

For a period of twelve (12) months from receipt or acceptance, whichever is later, the Goods and/or Services shall:

- (i) comply with any and all specifications, drawings, samples, or other descriptions referenced herein and/or furnished by Buyer;
- (ii) be merchantable, of good material and workmanship, free from defects, and suitable for their intended purpose; and
- (iii) not infringe upon or violate the legal or equitable rights of any person, corporation, or partnership arising out of any license or franchise, or out of any patent, trademark, or other proprietary right, now or hereafter in effect (except in the case of Goods for which Buyer furnishes detailed manufacturing drawings).

(b) All obligations of Seller hereunder shall survive acceptance of and payment for the Goods. Seller shall indemnify and hold harmless Buyer from and against all liability, loss, consequential and incidental damages, and expenses resulting from the breach of any warranty or resulting from any other act or omission by Seller, its agents or employees, while in the performance hereof.

9. ACCEPTANCE

Payment for any Goods or Services under this Order shall not constitute acceptance thereof. All Goods hereunder are subject to inspection at Buyer's designated location either before or after payment or before or after acceptance, at Buyer's option. Buyer reserves the right to reject and refuse acceptance of Goods that are not in accordance with the Order requirements, instructions, specifications, drawings, and data or Seller warranties (expressed or implied). Goods not accepted shall be returned to Seller for full credit, repair, or replacement at Buyer's sole option and at Seller's risk and expense, including transportation charges both ways. No replacement of rejected Goods shall be made unless specified by Buyer in writing. Acceptance of all or any part of the Goods shall not be deemed to be a waiver of Buyer's right either to cancel or return all or any portion of the Goods because of failure to conform to this Order, or by reason of defect, patent or latent, or other breach of warranty, or to make claim for damages, including manufacturing costs, damage to material or articles caused by improper boxing, crating, or packing, and loss of profits or other special damages occasioned Buyer. Such rights shall be in addition to any other remedies provided by law.

10. INSPECTION

Buyer reserves the right to inspect all Goods prior to shipment by Seller, and in furtherance thereof, Seller shall permit employees and/or representatives of Buyer and Buyer's customer to have access to Seller's facilities at all reasonable hours. All Goods shall nevertheless be received subject to final inspection and approval by Buyer after delivery at destination. Buyer's inspection, or its lack of inspection, shall not affect any express or implied warranties. If the face of this Order stipulates that the Goods shall be subject to inspection at Seller's facilities, Seller shall provide reasonable space and assistance for the safety and convenience of employees and/or representatives of Buyer and its customer. At the time of inspection, Seller shall make available to such representatives copies of all drawings, specifications, and other technical data applicable to the Goods ordered.

11. DRAWINGS, SPECIFICATIONS, AND TECHNICAL INFORMATION

Drawings, data, designs, inventions, and other technical information supplied by Buyer to Seller shall remain Buyer's property and shall be held in confidence by Seller. Such information shall not be reproduced, used, and/or disclosed to third parties by Seller without Buyer's prior written consent and shall be returned to Buyer upon completion of

this Order or upon Buyer's demand. Any information that Seller may disclose covered by this Order shall be deemed to have been disclosed as part of the consideration of this Order and Seller shall not assert a claim (other than a claim for patent infringement) against Buyer by reason of Buyer's use thereof. Seller, if required as part of its performance hereunder, shall, on or before delivery of any Goods, supply any and all printed materials, such as catalogs, drawings, cuts, certified prints, characteristic curves, parts lists, service and technical manuals, and diagrams relating to such Goods. The failure of Seller to deliver the foregoing printed material shall constitute a basis for nonpayment of the price of the Goods until delivery is made. All such printed materials supplied by, or specifically prepared at the request of Buyer, shall at all times be and remain the property of Buyer and shall be delivered to Buyer on demand.

12. PATENT INDEMNITY

The Seller agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against Buyer, or any of its subsidiaries, constituent companies, agents, or vendees, hereinafter for the purpose of this section collectively referred to as the "Buyer", for alleged infringement of any U.S. or foreign patent, copyright, or trademark, as well as for the alleged unfair competition resulting from similarity in design, trademark, or appearance of Goods, by reason of the use or sale of any Goods or processes furnished under this Order, except for Goods manufactured or processes developed entirely to Buyer's specifications. The Seller further agrees to indemnify Buyer against any and all losses and damages, including court costs and attorney's fees, resulting from the bringing of such suit or proceeding, including any settlement or decree of judgment entered therein. The Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding, if it so desires. The Seller's obligation hereunder shall survive acceptance of the Goods or processes and payment by Buyer.

13. PATENT AND PROPRIETARY RIGHTS

All technical information in the nature of designs, blueprints, specifications, engineering data for production, or production know-how which is supplied to Seller by Buyer to facilitate or assist in the performance of this Order shall, unless otherwise agreed, be considered and kept confidential by Seller, and Seller shall use and cause its employees and agents to use extreme caution not to disclose any such information either directly or by incorporation in, or its use in manufacturing products for others. Additionally, Seller agrees to assign to Buyer and not otherwise to make use of any invention, improvement, or discovery (whether or not patentable) conceived or reduced to practice in the performance of this Order by any employee of Seller or other person working under Seller's direction, and such assignment shall be considered as additional consideration for the making of this Order. The Seller shall deliver to Buyer any and all information relating to any such invention, improvement, or discovery, and shall cause employees or others subject to Seller's instructions to sign as appropriate all documents necessary or convenient to enable Buyer to file applications for patents throughout the world and to obtain title thereto.

14. BUYER-OWNED MATERIALS AND PROPERTY

(a) All materials, tools, designs, dies, fixtures, drawings, specifications and other property, method, or processes owned or paid for or agreed to be paid for by Buyer ("Buyer-owned materials"), whether directly noted on the face of this Order or included by Seller in unit price of Goods, shall be property of Buyer subject to removal at any time without cause or expense to Buyer. All such Buyer-owned materials shall be identified and marked by Seller as Buyer property, and used only for Buyer's Order(s), unless otherwise authorized by Buyer, treated as confidential material, and covered by Seller, at Seller expense, by adequate liability, damage, and fire insurance for the replacement cost thereof. Seller shall assume all risk of loss or damage to such property, maintain and repair the same, and return or turn over the same to Buyer in Good condition, reasonable wear and tear excepted, upon the completion, cancellation, or termination of this Order, but Buyer shall have the right to require delivery of any such property prior to completion of this Order or final payment. Seller is to provide Buyer with inventories of all such property as Buyer may request. Where any part or product is specifically manufactured or procured for the purpose of this Order, whether of the design of Seller, Buyer, or a third party, such part or product cannot be sold by Seller to any third party without written consent of Buyer or Government. Seller shall direct any question pertaining to control of Buyer materials to Buyer.

(b) Unless otherwise provided herein, all property furnished to Seller by Buyer shall remain the property of Buyer. Seller shall bear risk of all loss and damage thereto, while such property is in Seller's actual or constructive possession. Such property shall at all times be properly protected and maintained by Seller, shall not be commingled with the property of Seller or others, shall not be moved from Seller's premises without prior written authority from Buyer, and shall, upon request by Buyer, be immediately returned to Buyer. Further, such property shall be identified and marked by Seller as Buyer's property and shall be used only as expressly authorized by Buyer. Such property shall be adequately insured by Seller for any and all losses while in Seller's

possession, and shall be returned to Buyer in the same condition as when received by Seller, reasonable wear and tear excepted.

15. REPRODUCTION, USE AND DISCLOSURE OF DATA

(a) The Seller agrees to and does hereby grant to Buyer the right to reproduce, use, and dispose of all or any part of the reports, drawings, blueprints, data, and technical information to be provided to Buyer pursuant to this Order, and Seller agrees to hold harmless Buyer and its employees, representatives, and assigns from any liability arising out of said reproduction, use, or disposition. Buyer shall give Seller prompt notice in writing of any suit or action alleging such liability.

(b) If the Goods ordered under this Order are designed by Buyer, Seller shall not, without Buyer's prior written consent:

- (i) reproduce any of such Goods,
- (ii) supply or disclose any information regarding such Goods or any equipment or materials used therein, or
- (iii) incorporate in other products or items any special features of design or manufacture peculiar to the Goods ordered hereunder.

(c) No information or knowledge disclosed to Buyer in the performance of or in connection with this Order shall be deemed to be confidential or proprietary unless otherwise expressly agreed to in writing by Buyer, and any such information or knowledge shall be free from any restrictions, other than patents, as part of the consideration for this Order.

16. CHANGES

(a) Buyer may at any time, by a written change order issued by a duly authorized purchasing representative, extend the time of delivery, or make changes within the general scope of this Order in any one (1) or more of the following:

- (i) drawings, designs, or specifications;
- (ii) method of shipment or packing; and
- (iii) place of delivery.

(b) If a change order, issued hereunder, causes an increase or decrease in the cost of performance or in the time required for performance, an equitable adjustment shall be made in the Order price and/or delivery schedule and the Order shall be modified in writing accordingly. Any claim for adjustment under this section shall be deemed waived unless asserted within twenty (20) days from the date of receipt by Seller of the change order, provided, however, that Buyer, if it decides that the facts justify such action, may receive and act upon such claim submitted at any time prior to final payment under this Order. Any such claim must set forth the amount of any increase or decrease in the cost of performance resulting from the change in the format and detail specified by Buyer. Failure to agree upon an equitable adjustment shall not relieve Seller from proceeding without any delay in performance under this Order as changed. Nothing in this clause shall excuse Seller from proceeding with the Order as changed.

(c) Buyer's engineering and technical personnel may from time to time render assistance, give technical advice to, or effect an exchange of information with Seller's personnel in a liaison effort concerning the Goods and/or Services to be furnished hereunder. However, such exchange of information or advice shall not vest Seller with the authority to change the items hereunder or the provisions of the Order nor shall any resulting change in Goods and/or Services or provisions of the Order be binding upon Buyer unless incorporated as a change in accordance with paragraph (a), above.

(d) Where the cost of property made obsolete or excess as a result of a change order is included in Seller's claim for adjustment pursuant to this section, Buyer shall have the right to prescribe the manner of disposition of such property.

17. PRICE AND TAXES

(a) Buyer shall not be invoiced at prices higher than stated on this Order unless authorized by a written change order or notice issued and signed by a duly authorized purchasing representative of Buyer. Seller represents that the price charged for the Goods and/or Services covered by this Order is the lowest price charged by Seller to buyers of a class similar to Buyer under conditions similar to those specified in this Order and that prices comply with applicable Government regulations in effect at time of quotation, sale, or delivery. Seller agrees that any price reduction made for items covered by this Order subsequent to the placement of this Order shall be applicable to this Order.

(b) Except as otherwise specified herein, or unless prohibited by law, Seller shall pay all federal, state and local sales, use, excise, or other taxes that may be levied upon any of the Goods and/or Services, or the Parties hereto, by reason of the sale, delivery, or use of the Goods and/or Services. All taxes of any nature that are invoiced to Buyer shall be specifically identified and separately stated. If any tax, or portion thereof, that is included or added to the price paid by Buyer to Seller is subsequently refunded to Seller, Seller shall promptly pay to Buyer the amount of such refund.

18. PAYMENT

(a) Payment shall be made by Buyer to Seller upon the submission of correct invoices for Goods and/or Services delivered and accepted and in accordance with the payment terms delineated on the face of this Order. With respect to any discount offered, time shall be computed from the date of delivery or from the date a correct invoice is

received by Buyer, whichever last occurs. Payment is deemed to be made, for the purpose of earning the discount, on the date Buyer's check is mailed.

(b) Seller shall certify, at the time of submitting invoices, that all Goods and Services were manufactured or performed in compliance with the Fair Labor Standard Act.

19. EFFECT OF INVALIDITY

The invalidity in whole or in part of any section or provision hereof shall not affect the validity of any other section or provision.

20. REMEDIES

The remedies herein reserved shall be cumulative and in addition to any other or further remedies provided by law or equity. The failure of Buyer to insist, in any one (1) or more instances, upon the performance of any of the terms, covenants, or conditions of this Order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such item, covenant, or condition or the future exercise of such right, and the obligation of Seller with respect to such future performance shall continue in full force and effect.

21. COMPLIANCE WITH LAW

(a) In performance of this Order, the provision of Services, and/or the shipment of Goods covered by this Order, as applicable, Seller agrees to comply (and to bear all expense required for compliance) with:

- (i) the Fair Labor Standards Act of 1938, as amended;
- (ii) the Walsh-Healy Act;
- (iii) the Buy American Act;
- (iv) the Occupational Safety and Health Act;
- (v) the Equal Employment Act of 1972 and regulations thereunder;
- (vi) the United States Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd1 through 78dd3, as amended; and
- (vii) all other applicable federal, state and local laws, rules, regulations and orders.

(b) The Seller further agrees to indemnify Buyer against any loss, cost, liability, or damage whatsoever, including attorney's fees, which may result from Seller's violation of this section.

(c) Sellers that furnish materials listed on California Industrial Relations Director's List of Hazardous Substances must furnish a Material Safety Data Sheet (MSDS) with the delivery of the material. Such MSDS must conform to the provisions of the California Hazardous Substance Training and Information Act (SB 1874.)

(d) The Buyer is a U.S. Government contractor subject to all provisions of:

- (i) Executive Order 11246, as amended;
- (ii) Section 503 of the Rehabilitation Act of 1973, as amended;
- (iii) the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; and
- (iv) 38 U.S.C. 4212, (formerly 2012) and the implementing regulations at 41 CFR Chapter 60

and these provisions are incorporated by reference as part of this Order.

22. EXPORT COMPLIANCE

(a) Seller shall control the disclosure of and access to technical data, information, and other items received under this Order in accordance with U.S. export control laws and regulations, including but not limited to, the International Traffic in Arms Regulations (ITAR). Seller shall indemnify Buyer for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by Buyer in connection with any violations of such laws and regulations by Seller.

(b) Information furnished to Seller under this Order may contain technical data, as defined in ITAR 120.10. Seller is advised and hereby acknowledges that such technical data, relating to export controlled items appearing on the U.S. Munitions List (USML) at ITAR Part 121, may not be exported, disclosed, or transferred, as defined in ITAR 120.17, to any foreign person (whether in the United States or abroad), as defined in ITAR 120.16, without first complying with all relevant requirements of ITAR Parts 120-130 (22 CFR 120-130), including the requirement for obtaining any written export authorization from the U.S. Department of State, Directorate of Defense Trade Controls (DTC), or otherwise make and document the determination that an ITAR licensing exemption applies, as the case may be. A downloadable copy of the ITAR is accessible at the DTC web site at www.pmdt.c.state.gov.

(c) If performance under this Order requires Seller to export, as defined in ITAR 120.17, temporarily import into the U.S., as defined in ITAR 120.18, or re-export or retransfer, as defined in ITAR 120.19, defense articles, as defined in ITAR 120.6, or to export defense services, as defined in ITAR 120.9, relating to items appearing on the USML in ITAR Part 121, to a foreign person (whether in the United States or abroad), as defined in ITAR 120.16, Seller is advised and hereby acknowledges that such defense articles may not be exported, temporarily imported, re-exported, or retransferred and such defense services may not be exported to a foreign person in the U.S. or abroad without complying with all relevant requirements of ITAR Parts 120-130, including the requirements to obtain any written export, temporary import, or re-export or retransfer

authorization from DTC, or otherwise make and document the determination that an ITAR licensing exemption applies, as the case may be.

(d) Seller is further advised that if it engages in the United States in the business of either manufacturing or exporting defense articles as defined in ITAR 120.6 or defense services as defined in ITAR 120.9, then Seller is required by ITAR Part 122 to register with the DTC using forms accessible at the DTC website at www.pmdt.c.state.gov. Manufacturers of defense articles who do not engage in exporting of same must nevertheless register with DTC. Registration does not by itself confer export rights or privileges, but is generally a precondition to the issuance of any license or other approval by DTC.

(e) Information furnished to Seller under this Order, if not regulated by the ITAR, may contain technical data, as defined in the U.S. Department of Commerce, Bureau of Industry and Security (BIS), Export Administration Regulations (EAR) Part 772 (15 CFR 772) relating to export controlled items appearing on the Commerce Control List (CCL) at EAR Part 774 (15 CFR 774). Seller is advised and acknowledges that such technical data may not be exported out of the U.S. or to a foreign person in the U.S., as defined in EAR Part 772, without complying with all relevant requirements of EAR Parts 730-774 (15 CFR 730-774), including the requirement to obtain any written export authorization from BIS, or to otherwise make and document the determination that a license exception applies, as the case may be. A downloadable copy of the EAR is accessible at the BIS website at www.bis.doc.gov.

(f) If performance under this Order requires Seller to export or re-export, as defined in EAR Part 772, commodities, technology or software as defined in EAR Part 772, that do not relate to items appearing on the USML, but do relate to items appearing on the CCL, Seller is advised and hereby acknowledges that such commodities, technology, or software may not be exported out of the U.S., re-exported from one foreign country to another foreign country, or to a foreign person outside of the U.S. without complying with all relevant requirements of EAR Parts 730-774, including the requirement to obtain any written export authorization from BIS, or to otherwise make and document the determination that a license exception applies, as the case may be.

23. ETHICS AND VALUES

Buyer is committed to uncompromising ethical standards and strict adherence to law. Seller is encouraged to communicate any concerns or questions regarding Buyer's ethics and values to the Teledyne Corporate Ethics Help Line, "Take the Right Action", at 1-877-666-6968.

24. DISPUTE

Any dispute arising under this Order that is not settled by agreement of the Parties may be settled by appropriate legal proceedings. Pending any decision, appeal, or judgment in such proceedings, or the settlement of any dispute arising under this Order, Seller shall proceed diligently with the performance of this Order in accordance with the decision and instruction of Buyer.

25. INSURANCE

If this Order provides for Services or work to be performed by Seller on property owned and controlled by Buyer or on property of others, Seller shall insure each of its employees engaged upon the Services or work with worker's compensation and employees liability insurance and shall procure and maintain, at its sole cost and expense and until final acceptance of the Services or work by Buyer, public liability insurance from a reputable and financially responsible insurance company, properly safeguarding Buyer against liability for injuries to persons, including injuries resulting in death, in amounts acceptable to Buyer. Seller shall furnish to Buyer written certificates from insurance carriers or from appropriate governmental authorities establishing that said insurance of employees and said public liability insurance have been procured and are being properly maintained and the premiums are paid, and specifying the names of the insurers and the respective policy numbers and expiration dates. All such insurance policies shall provide (unless by statute applicable thereto it is otherwise provided) that in the event of cancellation thereof, written notice of each cancellation shall be given to Buyer at least thirty (30) days prior to the effective date of such cancellation.

26. INDEMNIFICATION

If Seller's employees, subcontractors, or agents enter upon premises occupied by or under the control of Buyer, Seller shall indemnify and hold Buyer harmless against all liabilities, losses, damages, and expenses, including attorney's fees, for personal injuries, death or property damage except in those instances where such liability, losses, damages, or expenses are due solely and directly to Buyer's negligence.

27. TERMINATION FOR CONVENIENCE

(a) Buyer may terminate performance or work under this Order in whole or in part by written notice of termination, whereupon Seller shall stop work on the date and to the extent specified in the notice and terminate all orders and subcontracts to the extent they relate to the terminated work.

(b) Seller shall promptly advise Buyer of the quantities of applicable work and material on hand or purchased prior to termination and the most favorable disposition that

Seller can make thereof. Seller shall comply with Buyer's instructions regarding transfer and disposition of title to the possession of such work and material.

(c) Within sixty (60) days after receipt of such notice of termination, Seller shall submit all its claims resulting from such termination. Buyer shall have the right to check such claims at any reasonable time or times by inspecting and auditing the records, facilities, and work on materials of Seller relating to this Order. Buyer shall pay Seller, without duplication, the Order price for finished work accepted by Buyer and the substantiated cost to Seller of work in process and raw material allocable to the terminated work, based on any audit Buyer may conduct under generally accepted accounting principles, less however:

- (i) the reasonable value or cost (whichever is higher) of any items used or sold by Seller without Buyer's consent;
- (ii) the agreed value of any items used or sold by Seller with Buyer's consent; and
- (iii) the cost of any defective, damaged, or destroyed work or material.

(d) Buyer shall make no payment for finished work, work in process or raw material fabricated or procured by Seller in excess of any Order or release. Notwithstanding the above, payments made under this section shall not exceed the aggregate price specified in this Order less payments otherwise made or to be made, and adjustments shall be made reducing the payments hereunder for costs of work in process and raw material to reflect on a pro rata basis any indicated loss on the entire Order had it been completed. Payment made under this section constitutes Buyer's only liability in the event this Order is terminated hereunder.

28. DEFAULT

(a) Buyer may, subject to paragraphs (c) and (d) below, by written notice to Seller, terminate this Order in whole or in part if Seller fails to:

- (i) deliver the Goods or to perform the Services within the time specified in this Order or any extension authorized by Buyer;
- (ii) make progress so as to endanger performance of this Order; or
- (iii) perform any of the other provisions of this Order.

(b) Buyer's right to terminate this Order under subparagraphs (a)(ii) and (a)(iii) above, may be exercised if Seller does not cure such failure within ten (10) days (or more if authorized in writing by Buyer) after receipt of Buyer's specifying the failure.

(c) If Buyer terminates this Order in whole or in part, it may acquire, under the terms and in the manner Buyer considers appropriate, goods or services similar to those terminated, and Seller shall be liable to Buyer for any excess costs for those goods or services. However, Seller shall continue the work not terminated.

(d) Except for defaults of vendors or subcontractors at any tier, Seller shall not be liable for any excess costs if the failure to perform the Order arises from causes beyond the control and without the fault or negligence of Seller including acts of God or of the public enemy, acts of the U.S. Government in its sovereign capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of Seller.

(e) If the failure to perform is caused by the default of a vendor or subcontractor at any tier, and if the cause of the default is beyond the control of both Seller and its vendor(s) or subcontractor(s), and without the fault or negligence of either, Seller shall not be liable for any excess costs for failure to perform unless the purchased goods or services were obtainable from other sources in sufficient time for Seller to meet the Order's required delivery schedule.

(f) If this Order is terminated for default, Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any completed Goods, partially completed Goods and materials, parts, tools, dies, fixtures, plans, drawing, information, and contract rights (collectively referred to as "manufacturing materials" in this section) that Seller has specifically produced or acquired for the terminated portion of this Order. Upon direction of Buyer, Seller shall also protect and preserve property in its possession in which Buyer has an interest.

(g) Buyer shall pay the Order price for completed Goods delivered and accepted. Seller and Buyer shall agree on the amount of payment for the manufacturing materials delivered and accepted and for the protection and preservation of the property. Buyer may withhold from these amounts any sum that Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.

(h) If, after termination, it is determined that Seller was not in default, or that the default was excusable, the rights and obligations of the Parties shall be the same as if the termination had been issued for the convenience of Buyer.

(i) The rights and remedies of Buyer in this section are in addition to any other rights and remedies provided by law or under this Order.

29. BANKRUPTCY

In the event that Seller shall be adjudicated a bankrupt, make a general assignment for the benefit of creditors, or consent to any proceeding under any reorganization or other law relating to the relief of debtors, or in the event of a receiver appointed to take custody and control of all or any part of the property or assets of Seller, then Buyer may, at its option, cancel this Order.

30. TITLE TO GOODS

It is agreed between Buyer and Seller that title to the Goods purchased hereunder shall pass to Buyer at the F.O.B. point shown on the face of this Order and that Seller's delivery commitment is due date at the F.O.B. point.

31. SELLER QUOTATIONS

Reference in this Order to Seller's Offer does not imply acceptance of any terms and conditions in such Offer. Any terms and conditions in such Offer that are in addition to, or inconsistent with, the terms and conditions contained in this Order are excluded.

32. NOTICE TO THE BUYER OF LABOR DISPUTES

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Order, Seller shall immediately give notice to Buyer thereof, including all relevant information with respect thereto.

33. INVOICES, STATEMENTS, AUDIT OF BOOKS

Unless otherwise provided in this Order, no invoice shall be issued and no payment shall be made prior to physical delivery of Goods, or completion of Services. Individual invoices, in triplicate, showing this Order number, description of Goods and/or Services as shown herein, number of cartons shipped, and carrier and weight, shall be issued for each shipment applying hereto. One (1) copy of each individual invoice must be plainly marked "ORIGINAL". Shipping charges and all applicable taxes, or charges for which Buyer has agreed to pay, and has not furnished an exemption certificate, shall be itemized separately on Seller's invoices. Unless such charges are itemized, Buyer may take the applicable discount on the full amount of each invoice. Seller agrees that its books and records, or such parts thereof as may relate to the performance hereunder, shall at all reasonable times be subject to inspection and audit by Buyer's employees or representatives.

34. ASSIGNMENT

(a) Seller shall not delegate any duties, nor assign any rights or claims hereunder, without prior written consent of Buyer, and any such attempted delegation or assignment without the prior written consent of Buyer shall be void. Any monies due or to become due hereunder may be assigned provided that such assignment shall not be binding upon Buyer until receipt of a copy of the assignment agreement is acknowledged and approved by Buyer in writing.

(b) All claims for monies due or to become due from Buyer shall be subject to deduction by Buyer for any setoff or counterclaim arising out of this Order or any other orders Buyer has with Seller, whether such setoff or counterclaim arises before or after any such assignment by Seller.

35. PRECEDENCE

(a) In the event of any inconsistency between the articles, attachments, specifications, provisions, or other documents that constitute this Order, the following order of precedence shall apply:

- (i) Purchase Order Special Terms and Conditions;
- (ii) Purchase Order General Terms and Conditions (contained in this document);
- (iii) specifications, and
- (iv) all other attachments incorporated herein by reference.

(b) Buyer's specifications shall prevail over any subsidiary documents referenced therein. Seller shall not use any specification in lieu of those contained in this Order without the prior written consent of Buyer.

36. U.S. GOVERNMENT REQUIREMENTS

(a) This Order is entered into by Buyer and Seller in support of a U.S. Government contract and is subject to the mandatory flowdown of certain U.S. Government requirements, including Federal Acquisition Regulation (FAR) clauses and Defense Federal Acquisition Regulation Supplement (DFARS) clauses as delineated in the following sections.

(b) Seller shall, at the request of Buyer, accept amendments to this Order to incorporate additional provisions herein or to change provisions hereof, as Buyer may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of amendments to such Prime Contract. If any such amendment to this of any part of the work under this Order causes an increase or decrease in the estimated cost of, or the time required for, performance, an equitable adjustment to this Order shall be made.

(c) If Buyer furnishes designs, drawings, special tooling, equipment, engineering data or other technical or proprietary information ("Furnished Items") to which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that Buyer, acting on its own behalf, may modify or limit any rights the Government may have to authorize the Sellers use of such Furnished Items in support of other U. S. Government prime contracts.

(d) The following Notes apply to certain clauses in the following sections as indicated.

- Note 1: Substitute "Buyer" for "Government" or "United States" throughout this clause.
- Note 2: Substitute "Buyer's Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
- Note 3: Insert "and Buyer" after "Government" or "Contracting Officer", as appropriate, throughout this clause.
- Note 4: Insert "or Buyer" after "Government" throughout this clause.
- Note 5: Communication/notification required under this clause from/to Seller to/from the Contracting Officer shall be through the Buyer's Procurement Representative.

- FAR 52.225-5 Trade Agreements (applies if Order requires other than U.S. made, designated country, Caribbean, or NAFTA country end products)
- (d) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$30,000:
- FAR 52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment
- The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$100,000:
- FAR 52.202-1 Definitions
- FAR 52.203-5 Covenant Against Contingent Fees
- FAR 52.203-6 Restrictions on Subcontractor's Sales to the Government
- FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
- FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions
- FAR 52.215-2 Audit and Records – Negotiation (Note 2 applies)
- FAR 52.215-14 Integrity of Unit Prices including Alt.1 (Note 2 applies)
- FAR 52.222-4 Contract Work Hours and Safety Standards Act Overtime Compensation (Note 2 applies)
- FAR 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
- FAR 52.222-37 Employment reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
- FAR 52.222-39 Notification of Employees Rights Concerning Payment of Union Dues or Fees
- FAR 52.222-41 Services Act of 1965, as Amended
- FAR 52.223-14 Toxic Chemical release reporting (except paragraph (e)) (Note 2 applies)
- FAR 52.227-1 Authorization and Consent (Note 2 applies)
- FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (Note 2 applies)
- FAR 52.227-9 Refund of Royalties
- FAR 52.248-1 Value Engineering (Note 3 applies)

- (e) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$550,000:
- FAR 52.219-8 Utilization of Small Business Concerns
- FAR 52.219-9 Small Business Subcontracting Plan (applies if Seller is not a small business) (Note 2 applies)
- FAR 52.219-16 Liquidated Damages – Subcontract.(Note 2 applies) (Note 3 applies to subparagraph (f) of this clause)
- (f) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$650,000:
- FAR 52.215-10 Price Reduction for Defective Cost or Pricing Data (Note 4 applies)
- FAR 52.215-11 Price Reduction for Cost or Pricing Data – Modifications (Note 4 applies)
- FAR 52.215-12 Subcontractor Cost or Pricing Data (Note 4 applies)
- FAR 52.215-13 Subcontractor Cost or Pricing Data – Modifications (Note 4 applies)
- FAR 52.215-15 Pension Adjustments and Asset Reversions
- FAR 52.215-18 Reversion or Adjustment of Plans for Post Retirement Benefits (PRB) Other Than Pensions
- FAR 52.215-19 Notification of Ownership Changes (Note 2 applies)
- FAR 52.215-20 Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data (Note 2 applies)
- FAR 52.215-21 Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data – Modifications (Note 2 applies)
- FAR 52.230-2 Cost Accounting Standards (except paragraph (b) or unless CAS exemption applies).
- FAR 52.230-3 Disclosure and Consistency of Cost Accounting Practices (except paragraph (b) or unless CAS exemption is applies)
- FAR 52.230-6 Administration of Cost Accounting Standards unless CAS exemption applies)
- (g) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$5,000,000 and performance is greater than 120 days:
- FAR 52.203-13 Contractor Code of Business Ethics and Conduct
- FAR 52.203-14 Display of Hotline Poster(s)
- (h) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$10,000,000:
- FAR 52.222-24 Pre-Award On-Site Equal Opportunity Compliance Evaluation

37. U.S. GOVERNMENT REQUIREMENTS – FAR CLAUSES

(a) The Federal Acquisition Regulation (FAR) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, during the performance of this Order. When a FAR clause uses a word or term that is defined in the FAR, the word or term shall have the same meaning as in the definition in FAR 202.101 in effect on the date of this Order unless (i) a different definition is expressly set forth in this Order; or (ii) the part, subpart, or section of the FAR where the clause is prescribed provides a different meaning; or (iii) the word or term is defined in FAR Part 31, for use in the cost principles and procedures. If the date or substance of any of the clauses listed below is different than the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead.

(b) As used in the clauses referenced below and otherwise in this Contract, "Commercial Item" means a commercial item as defined in FAR 2.101. "Contract" means this Order. "Contractor" means Seller, acting as the immediate (first-tier) subcontractor to Buyer. "Prime Contract" means the contract between Buyer and the U.S. Government or between Buyer and its higher-tier contractor in support of a contract with the U.S. Government. "Subcontract" means any contract placed by Seller or lower-tier subcontractors under this Order.

- (c) The following FAR clauses apply to this Order:
- FAR 52.203-7 Anti-Kickback Procedures (excluding subparagraph (c)(1))
- FAR 52.204-2 Security Requirements (applies when the Order involves access to information classified "Confidential," "Secret," or "Top Secret") (delete paragraph (c) of this clause)
- FAR 52.211-5 Material Requirements (Note 2 applies)
- FAR 52.211-15 Defense Priority and Allocation Requirements (applies only if Order includes DPAS Rating)
- FAR 52.222-1 Notice to Government of Labor Disputes (Note 2 applies)
- FAR 52.222-21 Prohibition of Segregated Facilities
- FAR 52.222-26 Equal Opportunity (only paragraphs (c)(1)-(11) apply)
- FAR 52.222-50 Combating Trafficking in Persons (Note 3 applies)
- FAR 52.222-54 Employment Eligibility Verification (does not apply to Orders for commercial-off-the-shelf ("COTS") items only or Orders of less than 120 days in duration)
- FAR 52.223-3 Hazardous Material Identification and Material safety Data (applies if Order involves hazardous material) (Note 3 applies)
- FAR 52.223-7 Notice of Radioactive Materials (applies if Order involves radioactive materials) (Note 3 applies)
- FAR 52.223-11 Ozone-Depleting Substances (applies if Goods are manufactured with or contain ozone-depleting substances)
- FAR 52.225-13 Restrictions on Certain Foreign Purchases
- FAR 52.227-3 Patent Indemnity (Note 4 applies)
- FAR 52.227-14 Rights in Data - General
- FAR 52.227-19 Commercial Computer Software – Restricted Rights (applies if existing computer software is to be delivered under this Order)
- FAR 52.233-4 Applicable Law for Breach of Contract Claim
- FAR 52.243-1 Changes (Note 2 applies)
- FAR 52.244-6 Subcontracts for Commercial Items (applies only if Order is for commercial items as defined as defined in FAR Clause 2.101)
- FAR 52.245-1 Government Property (applies if Government property is furnished in the performance of this Order) (Note 2 applies)
- FAR 52.247-63 Preference for U.S.-Flag Air Carriers (applies when Order involves international air transportation)
- FAR 52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels (Note 1 applies)

(b) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$10,000:

- FAR 52.222-20 Walsh-Healey Public Contracts Act
- FAR 52.222-36 Affirmative Action for Workers with Disabilities
- FAR 52.225-8 Duty-Free Entry (Note 2 applies)

(c) The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$25,000:

- FAR 52.225-1 Buy American Act – Supplies (Note 2 applies)

38. U.S. GOVERNMENT REQUIREMENTS – DFARS CLAUSES

(a) The Defense Federal Acquisition Regulation Supplement (DFARS) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, during the performance of this Order. When a DFARS clause uses a word or term

that is defined in the DFARS, the word or term shall have the same meaning as in the definition in DFARS 202.101 in effect on the date of this Order unless (i) a different definition is expressly set forth in this Order; or (ii) the part, subpart, or section of the DFARS where the clause is prescribed provides a different meaning; or (iii) the word or term is defined in FAR Part 31, for use in the cost principles and procedures. If the date or substance of any of the clauses listed below is different than the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead.

(b) As used in the clauses referenced below and otherwise in this Contract, "Commercial Item" means a commercial item as defined in FAR 2.101. "Contract" means this Order. "Contractor" means Seller, acting as the immediate (first-tier) subcontractor to Buyer. "Prime Contract" means the contract between Buyer and the U.S. Government or between Buyer and its higher-tier contractor in support of a contract with the U.S. Government. "Subcontract" means any contract placed by Seller or lower-tier subcontractors under this Order.

(c) To the extent that this order is issued in support of a Department of Defense (DoD) contract, the following DFARS clauses apply to this Order:

- DFARS 252-204-7000 Disclosure of Information (applies only if Seller will have access to or generate unclassified information that may be sensitive and inappropriate for release to the public)
- DFARS 252.204-7708 Requirements for Contracts Involving Export Controlled Items (applies if the Seller expects or involves access to or generation of export controlled-items)
- DFARS 252.211-7003 Item Identification and Valuation
- DFARS 252.212-7001 Contract Terms and Conditions Required to Implement Statutes or Executive Orders Applicable to Defense Acquisitions of Commercial Items
- DFARS 252.223-7001 Hazardous Warning Labels (applies if Order involves hazardous material)
- DFARS 252.225-7002 Qualifying Country Sources as Subcontractors
- DFARS 252.225-7007 Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies (applies if Seller is supplying items on the U.S. Munitions List)
- DFARS 252.225-7012 Preferences for Certain Domestic Commodities
- DFARS 252.225-7014 Preference for Domestic Specialty Metals, including Alt. 1 (applies if articles to be furnished contain specialty metals)
- DFARS 252.225-7016 Restriction in Acquisition of Ball and Roller Bearings
- DFARS 252.225-7021 Trade Agreements (applies if the work contains other than U.S.-made, qualifying country, or designated country end products) (applies in lieu of FAR 52.225-5)
- DFARS 252.227-7013 Rights in Technical Data – Noncommercial Items
- DFARS 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
- DFARS 252.227-7015 Technical Data – Commercial Items (applies if technical data is to be delivered under this Order) (Note 2 applies)
- DFARS 252.227-7016 Rights in Bid and Proposal Information
- DFARS 252-227-7019 Validation of Asserted Restrictions-Computer Software
- DFARS 252.247-7023 Transportation of Supplies by Sea (Note 2 applies)
- DFARS 252.247-7024 Notification of Transportation of Supplies by Sea (Note 2 applies)
- DFARS 252.227-7025 Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends (Note 2 applies to paragraph (c)(1))
- DFARS 252.227-7026 Deferred Delivery of Technical Data or Computer Software (Note 1 applies)
- DFARS 252.227-7025 Deferred Order of Technical Data or Computer Software (Note 1 applies)
- DFARS 252-227-7028 Technical Data or Computer Software Previously Delivered to the Government
- DFARS 252.227-7030 Technical Data – Withholding of Payment (Note 2 applies)
- DFARS 252.227-7037 Validation of Restrictive Markings on Technical Data
- DFARS 252.227-7039 Patents--Reporting of Subject Inventions
- DFARS 252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles
- DFARS 252.231-7000 Supplemental Cost Principles
- DFARS 252.237-7019 Training for Contractor Personnel Interacting with Detainees (applies if this Order requires Seller personnel to interact with detainees in the course of their duties)
- DFARS 252.246-7003 Notification of Potential Safety Issues

(d) The following DFARS clauses apply to this Order if the value of this Order equals or exceeds \$25,000:

- DFARS 225.225-7001 Buy American Act and Balance of Payment Programs (applies if work contains other than domestic components) (applies in lieu of FAR 52.225-1)
- (e) The following DFARS clauses apply to this Order if the value of this Order equals or exceeds \$100,000:
 - DFARS 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies
 - DFARS 252.208-7000 Intent to Furnish Precious Metals as Government-Furnished Material
 - DFARS 252.209-7001 Disclosure of Ownership or Control by the Government of a Terrorist Country
 - DFARS 252.247-7023 Transportation of Supplies by Sea
 - DFARS 252.247-7024 Notification of Transportation of Supplies by Sea
- (f) The following DFARS clauses apply to this Order if the value of this Order equals or exceeds \$500,000:
 - DFARS 252.226-7001 Utilization of Indian Organizations, Indian-Owned Economic Enterprises and Native Hawaiian Small Business Concerns (Note 2 applies)
 - DFARS 252.249-7002 Notification of Anticipated Contract Termination or Reduction (Delete paragraph (d)(1) and the first five words of paragraph (d)(2)) (Note 2 applies)
- (g) The following DFARS clauses apply to this Order if the value of this Order equals or exceeds \$550,000:
 - DFARS 252.219-7003 Small Business Subcontracting Plan (DoD Contracts) (Delete paragraph (g))
- (h) The following DFARS clauses apply to this Order if the value of this Order equals or exceeds \$650,000:
 - DFARS 252.215-7000 Pricing Adjustments
 - DFARS 252.215-7002 Cost Estimating System Requirements
 - DFARS 252.215-7004 Excessive Pass-Through Charges
- (i) The following DFARS clauses apply to this Order if the value of this Order equals or exceeds \$1,000,000:
 - DFARS 252.249-7002 Notification of Anticipated Contract Termination or Reduction

39. ENTIRE AGREEMENT

(a) The provisions contained in this Order, including all subsidiary documents referenced herein, constitute the entire agreement between the Parties and supersede all previous communications and representations, either oral or in writing, with respect to the subject hereof.

(b) If any provision of this Order is or becomes void or unenforceable by force of law, the remainder shall remain valid and enforceable.

(End of Document)