



PURCHASE ORDER TERMS AND CONDITIONS

1. ACCEPTANCE -This Purchase Order constitutes Buyer's offer to Seller upon the terms and conditions stated herein and on the face of the Purchase Order. Buyer's receipt at Buyer's place of business, of the acceptance copy of this Purchase Order signed by Seller or, at Buyer's election, Seller's partial performance of this Purchase Order shall constitute acceptance of all the terms and conditions of this Purchase Order.

2. COMPLETE AGREEMENT - The terms and conditions of this Purchase Order set forth the entire agreement between the Buyer and Seller and supersede all prior representations or agreements, whether oral or written, between the parties respecting the subject matter hereof; and no agreement or understanding varying, such terms and conditions shall be binding on Buyer unless in writing signed by its duly authorized representative. This Purchase Order shall be governed by, subject and construed according to the laws of the State of California. In the performance of the Purchase Order, the Seller shall comply with all applicable Federal, State and local laws

3. CHANGES -Buyer may at any time by written notice make changes within the general scope of this Purchase Order in drawings, designs and specifications, shipping and packaging instructions, and the place of delivery and Seller shall promptly proceed with the Purchase Order as changed. If any such change increases or decreases the cost of, or the time required for, performance of this Purchase Order, an equitable adjustment in the price or delivery schedule, or both, will be made. Claim for such an adjustment must be made in writing within 30 days from date the change is ordered, together with a cost breakdown or date the change is ordered, together with a cost breakdown or other facts to support such claim. Where cost of property made obsolete or excess as a result of a change order is included in Seller's claim for adjustment, Buyer shall have the right to proscribe the manner of disposition of such property.

4. STANDARDS OF WORK - The Seller agrees that the performance of work and services pursuant to the requirements of this Purchase Order shall conform to high professional standards. . Seller shall conduct business in a manner consistent with the spirit of FAR 52.203-13 ("Contractor Code of Business Ethics and Conduct").

5. DELIVERY - Time is of the essence of this Purchase Order. Deliveries shall be strictly in accordance with schedules established in this Purchase Order and in exact quantities ordered. If Seller fails to proceed with the performance of this Purchase Order or to make deliveries within the periods specified therein, Buyer may terminate this Purchase Order or such part thereof as to which there has been delay. Except with respect to defaults of its subcontractors or suppliers, Seller will not be liable for damage occasioned by a delay in performance or delivery due to causes beyond its control and without its fault or negligence, provided Seller exercises due diligence in promptly notifying Buyer of conditions which will result in delay. If the delay is caused by a subcontractor or supplier of Seller and if such delay arises out of causes beyond the control of both seller and the subcontractor or supplier and without the fault of either, Seller shall not be liable to Buyer for damages unless the material or services to be furnished by the supplier or subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet delivery schedule.

6. SHIPPING -All shipments must be so packaged as to permit efficient handling and provide protection in shipment in accordance with carrier regulations and contain Buyer's Purchase Order, Government contract numbers and Seller's packing lists. The Purchase Order number and Seller's packing list numbers must appear on all bills of lading. Buyer's count or weight will be conclusive on shipments not accompanied by packing list. Seller shall issue an individual invoice for each shipment.

7. INSPECTION - (A) All articles shall be subject to inspection and test at all practicable times and places, including during the period of manufacture, by Buyer and, if this Purchase Order is placed under a Government contract, the Government; but such inspections and tests shall be so performed as not to delay unduly the work. If such inspection or test be made on Seller's premises, Seller shall provide without charge reasonable facilities and assistance for the inspectors. All articles are also subject to final inspection and acceptance at Buyer's plant within a reasonable time after delivery, notwithstanding any prior payments or other inspections. (B) If any article is defective in material or workmanship, or otherwise not in conformity with purchase order requirements, Buyer may reject it and require its prompt correction or replacement, or accept it with an equitable adjustment in price. Rejected articles shall be removed at Seller's expense, including



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transportation both ways, promptly after notification of rejection, and Seller shall bear all risk for rejected articles after such notification.

8. WARRANTY - (A) Seller warrants that all articles ordered to specifications will conform thereto and to any drawings, samples or other descriptions furnished or adopted by Buyer; and that all articles will be of good quality and free of defects in material and workmanship and, where design is Seller's responsibility defects in design. Buyer's approval of Seller's design or material shall not relieve the Seller of foregoing warranties. Such warranties, together with Seller's service warranties and guarantees, shall survive inspection, acceptance, and payment for the articles and shall be transferred to and valid for the end user. (B) Except for latent defects, fraud or such gross mistakes as amount to fraud, notice of any defect or nonconformity must be given by Buyer to Seller within one year after delivery. Buyer may, at its option, either return for credit or require prompt correction or replacement of the defective or nonconforming article or part thereof at no charge to Buyer, provided such article or part thereof is returned to Seller within thirty days after such defect or nonconformity is discovered. Articles required to be corrected or replaced shall be subject to the provisions of this clause and of the clause herein entitled "Inspection" to same extent as article originally delivered under this Purchase Order. Except for latent defects, fraud or such gross mistakes as amount to fraud, Seller's warranty liability is limited to Buyer's remedies specified above.

9. PATENT INDEMNITY - Except where articles are made entirely to Buyer's design, Seller shall, at its expense, hold harmless and defend Buyer, its customers and all parties claiming under buyer, against any loss, damage or liability which may be incurred on account of any claim or judgment involving infringement of any U.S. patent, copyright or trademark in the manufacture, use or disposition of any article supplied hereunder, provided Buyer notifies Seller promptly of any suit instituted against Buyer and, to full extent of its ability to do so, permits Seller to defend or settle same.

10. TOOLING - (A) If the Purchase Order price is stated to include jigs, dies, fixtures, patterns, or special test equipment and manufacturing aids used in development, manufacture, inspection or test of the articles and drawings thereof (all hereinafter called tooling) such tooling becomes the property of Buyer or its customer immediately upon payment thereof. Tooling shall be used only for production for Buyer or any of its customers which have acquired the right to use such tooling. Tooling shall be kept in good condition, including necessary replacement, without expense to

Buyer, except that cost of changes due to Buyer's change of design shall be paid for by Buyer. Seller shall maintain proper property control records for such tooling and shall promptly furnish Buyer a list thereof on request. (B) Unless otherwise directed by Buyer, upon completion or termination of this order, Seller shall hold all tooling free of charge for six months subsequent to furnishing an inventory to Buyer with request for disposition; any such tooling Buyer orders returned shall be delivered F.O.B. Seller's plant, properly crated for domestic shipment. No crating charge is to be included in Seller's quotations unless expressly requested by Buyer.

11. SUBCONTRACTING AND ASSIGNMENTS - No subcontract shall be made by Seller for the articles or work hereunder in completed or substantially completed form. Seller shall not assign this Purchase Order, but monies due or to become due hereunder may be assigned to a bank or other financing institution, provided no such assignment shall bind Buyer until it acknowledges in writing receipt of a copy of the assignment agreement.

12. TERMINATION -(A) By written notice to Seller of default, Buyer may terminate this Purchase Order in whole or in part if Seller becomes the subject of a proceeding under State or Federal law for relief of creditors or makes an assignment for benefit of creditors, or if Seller fails to comply with any of its obligations under this Purchase Order. In such event Buyer may purchase similar articles elsewhere and Seller shall be liable for any reasonable excess costs occasioned Buyer thereby. A waiver of a breach of any provision of this Purchase Order shall not constitute a waiver of any other breach. If, after notice of default issued hereunder, it is determined that Seller's failure to perform this Purchase Order was due to unforeseeable causes beyond the control and without the fault of the Seller, the rights and obligations of the parties shall be governed by paragraph (B) of this clause. The rights and remedies of Buyer under this paragraph are not exclusive and are in addition to any other rights and remedies afforded Buyer by law or under this Purchase Order. (B) In addition to the rights afforded Buyer by paragraph (A) above, the performance of work under this Purchase Order may be terminated in whole or in part by the Buyer in accordance with the provisions of the contract clause entitled "Termination" set forth in F.A.R. 52.249 or 49.401 in effect on the date hereof, which is incorporated herein by this reference. If this Purchase Order is not placed under a Government contract, references therein to "the Government" shall be deemed deleted

13. REPRODUCTION RIGHTS – Seller grants buyer the right to reproduce, use and disclose the reports,



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drawings and other data to be delivered by Seller to Buyer under this Purchase Order, but Buyer may not use same to produce articles for sale in competition with Seller.

14. IF THIS PURCHASE ORDER INDICATES IT IS PLACED UNDER A GOVERNMENT CONTRACT, FOLLOWING CONDITIONS ARE ALSO APPLICABLE AND THE SELLER SHALL AS REQUIRED BY APPLICABLE LAWS OR REGULATIONS INSERT THESE CONDITIONS IN ALL OF ITS SUBCONTRACTS HEREUNDER: (A) If the amount of this Purchase Order exceeds \$2500, authorized representative of the Comptroller General of the United States shall, until the expiration of 3 years after final payment hereunder, have access to and the right to examine any directly pertinent books, documents, papers, and records of Seller involving transactions related to this Purchase Order. (B) This Purchase Order shall be subject to any act of Congress (including Renegotiation Act of 1951 and Vinson Trammell) heretofore or hereafter enacted and to extent indicated therein, providing for renegotiation of subcontracts. (C) The following Federal Acquisition Regulations (FAR) clause(s) are incorporated: 52.249-2, 52.249-8.