



PURCHASE ORDER TERMS AND CONDITIONS

1. DEFINITIONS. The term "supplies" as used herein means any and all work materials, components, assemblies, intermediate assemblies, parts and end products, manuals, instructions, materials, information and technical data or services to be performed and/or supplied by the Seller under this order.

2. ACCEPTANCE. This order becomes a binding contract subject to the terms and conditions hereof, when accepted by an acknowledgement and/or commencement of performance thereon. Commencement of performance is an acceptance of these terms and conditions regardless of the fact that a quotation or an acknowledgement form with different terms and conditions is submitted. No change, modification, or revision of this order shall be valid unless in writing and signed by Buyer's Purchasing Agent or Buyer. In case of any conflicts between the terms on the face of this order and the terms and conditions set forth below, the terms on the face of this order shall control.

3. PACKING. No charges shall be made for transportation, handling, boxing or packing or for materials used in connection therewith unless stated in this order. Supplies shall be packed to secure lowest transportation costs and to comply with carrier regulations. All shipments must be packed in a manner that will provide for efficient handling and prevent damage to the supplies in shipment and in storage, including, without limitation, protection against atmospheric deterioration, fungus growth and electro static discharge damage. Damages to any supplies resulting from improper packing will be charged to Seller.

4. WARRANTIES. Seller expressly warrants that the supplies furnished hereunder will be merchantable, free from defects in material and workmanship, suitable and usable without restriction for the use intended and will conform to applicable specifications, drawings, samples and description, and if of design other than Buyer's, will be free from design defects.

These warranties shall remain in effect for eighteen (18) months after the date on which the supplies are delivered by Buyer to its customers or two (2) years from the date the supplies are accepted by the Buyer, whichever first occurs. This warranty period is extended for an additional period equal to the time elapsed from the date that Seller has been notified to repair or replace defective supplies until delivery is made to Buyer of corrected supplies or replacements.

Seller agrees, at its expense, to repair or replace and ship any supplies having any defect or defects in a manner satisfactory to Buyer or its customers.

All warranties herein shall run to Buyer and its customers and shall be construed as conditions as well as warranties and shall not be deemed to exclude other rights or warranties which Buyer may have or obtain.

5. INSPECTION. Seller shall maintain an inspection system satisfactory to Buyer covering all manufacturing equipment, materials, methods and supplies, all of which shall be subject to inspection and testing by Buyer (and the Government, if applicable) at all times and places whether during or after manufacture.

All supplies will be subject to final inspection and acceptance at destination, notwithstanding prior payment thereof, or inspection and/or testing at the source by the Buyer, the Government, or both. Any rejected supplies returned to Seller shall be at Seller's expense and no replacement of such defective supplies shall be made unless specified by Buyer. Buyer reserves the right to reject all defective supplies and return same to Seller for full reimbursement, or at Buyer's option for replacement or correction, in either of which events the Buyer shall be entitled to reimbursement for all expenses incurred by Buyer. If Seller fails to promptly replace and correct rejected supplies to Buyer's satisfaction, Buyer may purchase or otherwise replace or correct such supplies and Seller shall be liable to Buyer for any excess costs incurred thereby.

6. COUNTERFEIT PARTS PREVENTION.

(a) Definitions for purposes of this Section:

(i) "Counterfeit Parts" shall mean a part, component, module, or assembly or supplies whose origin, material, source of manufacture, performance, or characteristics are misrepresented. This term "Counterfeit Parts" includes, but is not limited to, (A) parts that have been (re)marked to disguise them or falsely represent the identity of the manufacturer, (B) defective parts and/or surplus material scrapped by the original manufacturer, or (C) previously used parts pulled, repaired or otherwise reclaimed and provided as "new".

(ii) As used herein, "authentic" shall mean (A) genuine; (B) from the legitimate source claimed or implied by the marking and design of the product offered; and (C) manufactured by, or at the behest and to the standards of, the manufacturer that has lawfully applied its name and trademark for that model/version of the material.

(iii) "Independent Distributor" shall mean a person, business, or firm that is neither authorized nor franchised by an OCM to sell or distribute the OCM's products, but which purports to sell, broker, and/or distribute such OCM products. Independent Distributors are also referred to as unfranchised distributors, unauthorized distributors, and/or brokers.

(iv) "OCM" shall mean Original Component Manufacturer.

(v) "OEM" shall mean Original Equipment Manufacturer.

(b) Seller represents and warrants by acceptance of this Contract or Purchase Order (as applicable) and certifies with each shipment of products or goods that only new and authentic materials are used in products or goods required to be delivered to Kollsman and that the products/goods delivered contain no Counterfeit Parts. Seller shall only purchase authentic parts/components directly from the OEMs/OCMs or through the OEM's/OCM's authorized or franchised distribution chain. Seller further represents and

warrants that it has (or will have) and will make available to Kollsman, at Kollsman's request, all acquisition/procurement documentation from the OEM/OCM or their authorized or franchised distribution chain that authenticates traceability of each part, component, module or assembly of Seller's products or goods back to the applicable OEM/OCM.

(c) Seller shall not purchase parts/components from Independent Distributors unless it has prior written approval by a Kollsman Procurement Representative. Kollsman's approval of Seller request(s) will not relieve Seller's responsibility to comply with all requirements under this Contract or Purchase Order, including the representations and warranties in this Section.

(d) Seller shall maintain a documented system (policy, procedure, or other documented approach) that provides for prior notification and Kollsman written approval before parts/components are procured from sources other than OEMs or OCMs or through the OEM's/OCM's authorized distribution chain. Upon Kollsman's request, Seller shall provide copies of such documentation for its system to Kollsman for inspection.

(e) Seller shall immediately notify Kollsman with the pertinent facts if Seller becomes aware or suspects that it has furnished Counterfeit Parts. Seller shall also provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

(f) In the event that products delivered under this Contract or Purchase Order constitutes or includes Counterfeit Parts, Seller shall, at its expense, promptly replace such Counterfeit Parts with genuine parts conforming to the requirements of this Contract or Purchase Order. Notwithstanding any other provision in this Contract or Purchase Order or its attachments, Seller shall be liable for all costs, fees and penalties relating to the removal and replacement of Counterfeit Parts, including without limitation Kollsman's costs of removing Counterfeit Parts, of reinserting replacement parts and of any testing necessitated by the reinstallation of parts after Counterfeit Parts has been exchanged. Seller hereby further agrees to indemnify and hold Kollsman and its parent company and affiliates (and their respective officers, employees and agents) harmless from any and all liability, loss or damage, including but not limited to, bodily injury, illness, death, or property loss or damage resulting from, or in any way connected with any Counterfeit Parts delivered by Seller to Kollsman or Seller's breach of its obligations under this Section. The remedies contained in this paragraph are in addition to any remedies Kollsman may have at law, equity or under other provisions of this Contract or Purchase Order.

(g) This Section applies in addition to any quality provision, specification, statement of work or other provision included in this Contract or Purchase Order addressing the authenticity of Seller's products or goods. To the extent such provisions conflict with this Section, this Section shall prevail.

(h) Seller hereby agrees and acknowledges that it shall include the terms of this Section or substantially similar provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as products or goods to Kollsman.

7. CHANGES. Seller shall make no changes in the supplies ordered, including without limitation, the specifications, drawings, packing or shipment thereof, except as authorized in writing by Buyer's Purchasing Agent or Buyer.

Buyer may at any time, by written order and without notice to Seller, sureties, or assignees make changes in the (1) drawings, designs, or specifications, (2) methods of packing or shipment, (3) quantity of items ordered, (4) time of delivery, (5) place of delivery. In such event, an equitable adjustment will be made in price and/or time of performance of this order. Any claim by the Seller for such adjustment must be made within 15 days from the date of receipt of the change order.

8. DELIVERIES. Delivery according to schedule, is a major condition of this order. No deviation from delivery schedules in this order shall be allowed without the written authorization of Buyer. If Seller is delinquent in deliveries or it is reasonably determined by Buyer that Seller will be so delinquent and/or is delaying correction of previously rejected items so that such delay is affecting or reasonably threatens to affect Buyer's commitments to its customers, Buyer may, upon written notice, require Seller to submit acceptable supplies within 10 days from the date of such notice, and failure to comply therewith shall constitute a default of order by Seller.

Overshipments regardless of cause may not be accepted except as provided on the face of this order. In all cases of overshipment, either in quantity or in time, the excess may not be accepted, and such excess may be returned at Seller's expense. Likewise, when undershipments result in excess handling costs, such costs may be charged to Seller.

9. SAMPLES. If samples are required by this order, Seller shall not forward quantity shipments until Buyer has approved in writing Seller's samples processed or fabricated by means of the tooling and process methods to be used in such quantity productions.

10. EXCUSABLE DELAYS. Neither party shall be liable in damages for delay in delivery due to any causes beyond its control or without its fault or negligence, including without limitation, acts of God or of the public enemy, acts of the government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Seller and its subcontractor, and without the fault or negligence of either of them, the Seller shall not be liable for any excess cost for failure to perform unless the supplies and services to be furnished by this subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the required delivery schedule. Seller will notify Buyer in writing of such causes within 10 days after Seller first learns of same.

11. TERMINATION. Buyer reserves the right to cancel this order or any part thereof if Seller breaches

any of the provisions of this order, or if Seller becomes insolvent or the subject of any proceedings under any law relating to bankruptcy or the relief of debtors, or if Seller defaults with respect to any Seller's obligations hereunder.

In the event of such cancellation, Buyer may procure similar supplies and Seller shall be liable to Buyer for any excess costs on account thereof, except where the termination is a result of an excusable delay as defined in the preceding paragraph. Buyer's remedies provided in this paragraph shall be in addition to any other remedies provided in law or equity.

Without affecting its right to cancel this order for default, Buyer may terminate this order or any part thereof in accordance with the provisions of the "Termination Clause" contained in FAR 52.249-2 which clause is incorporated herein by reference for Government and Commercial orders.

12. DESIGNS, DATA, TOOLS, ETC. Title to all material and information, including without limitation, tools, patterns, equipment, designs, drawings, engineering data or other technical or proprietary information, furnished by Seller for Buyer or by Buyer for Seller, if furnished by Seller especially for this order and included in the price of and relating to the performance of the order, shall remain in Buyer or its customer, as the case may be. All such items shall be controlled as buyer proprietary. All such items shall be reported in writing to Buyer upon completion of this order, maintained in good condition, and shall be subject at all times to disposition as Buyer may direct.

None of such items shall be used in the production, manufacture or design for the account of others or of any supplies other than those called by this order, except with the written consent of Buyer, nor shall supplies furnished by Seller through the use of any such items be furnished or quoted to any other person or concern, without the written consent of the Buyer, provided, however, that upon prior written notice to Buyer and to the extent such use will not interfere with the Seller's performance of this or other orders from Buyer in effect at the time Seller enters into a direct contract with U.S. Government. Seller shall have the right to use such items in the manufacture or design of supplies or end items for direct sale to the U.S. Government to the extent the U.S. Government has the right to authorize such use by Seller, provided that to the extent practicable Seller prominently identifies each such end item as being manufactured by Seller for direct sale to the U.S. Government. Buyer does not warrant the accuracy of tools and fixtures which may be furnished and, Seller must report any inaccuracies before commencing production. Seller agrees to indemnify Buyer against any loss, cost, damage or liability by reason of Seller's violation of this section.

13. PATENT RIGHTS; WORK FOR HIRE. If any experimental, developmental or research work is called for or required under this order, Seller agrees and acknowledges that it shall be deemed work for hire and Buyer shall own all rights to the same. Seller shall disclose and on request to assign to Buyer each invention conceived or first reduced to practice in the performance of this order. (Not applicable if this order is placed under a Government contract).

14. INFRINGEMENT. Buyer disclaims any responsibility for infringement of any patent or copyright by Seller in the production of this order. Seller agrees to indemnify Buyer and/or its customers and users of its products against liability, including costs and expenses, on account of any infringement or alleged infringement of any patents or copyrights, in the manufacture, use, sale or disposition of any supplies called for hereunder.

Buyer shall notify Seller of any suit instituted against it and, to the full extent of its ability to do so, shall permit Seller to defend same or make settlement in respect thereof.

15. RISK OF LOSS. Seller assumes (1) all risks of loss or damages to all supplies, work in process, materials and other things until the delivery thereof as herein provided; (2) all risks of loss or damage to any supplies or part thereof rejected by Buyer or as to which Buyer has revoked its acceptance, from the time of such rejection or revocation; and (3) all risks of loss or damage to any property received by Seller from, or held by Seller or its suppliers for the account of or for Buyer or its customer, as the case may be.

16. PRICES. Seller represents that the price or prices specified in this order do not exceed Seller's current selling prices for the same or substantially similar items, whether to the Government or to any other Purchaser, taking into account the quantity under consideration.

17. FACILITIES. Except as otherwise provided in this order, Seller represents that it now has or can readily procure, without assistance of Buyer or the Government, all facilities necessary to the performance of this order.

18. SUBCONTRACTING. Seller shall not procure or contract for the procurement of any items covered by this order in completed, or substantially completed form without prior written approval of the Buyer and if applicable, the Government contracting officer.

19. ADVERTISING. Seller shall not, without the Buyer's prior written consent, in any manner advertise or publish any information concerning this order or the purchase by Buyer of the supplies therein.

20. NOTICE OF LABOR DISPUTE. Whenever any actual or potential labor dispute is delaying, or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer and, if this order is placed under a Government contract, to the nearest representative of the cognizant Department of the Government. Seller shall insert this clause or its substance in any subcontracts hereunder.

21. ADDITIONAL CLAUSES APPLICABLE IF THIS FIXED PRICE ORDER IS PLACED UNDER A GOVERNMENT CONTRACT. If this Purchase Order/Subcontract is issued pursuant to a US Government Contract, Addendum form GA-1930 with all its clauses is hereby incorporated.

22. DISPUTES. Either party may litigate any dispute arising or relating to this Order before any court of competent jurisdiction. Pending resolution of any such dispute by settlement or by final judgment, the parties shall proceed diligently with performance. Seller's performance shall be in accordance with Buyer's written instructions.

23. ASSIGNMENT. No assignment of this order, in whole or part, or of any moneys due or to become due hereunder may be made by Seller without in each case, the prior written consent of Buyer.

24. COMPLIANCE WITH LAWS. Seller agrees to comply with all applicable Federal, State and local laws and executive orders and regulations issued pursuant thereto and in the performance of this order.

25. NON-DISCRIMINATION IN EMPLOYMENT. In accordance with Executive Order 11246, the Seller agrees not to discriminate against any employee or applicant for employment because of race, creed, color or national origin. The Seller will take affirmative action to ensure that Equal Employment

Opportunity is implemented in employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection of training including apprenticeship. All other applicable provisions of the Rules and Regulations of the Office of Federal Contract Compliance are herein incorporated by reference.

26. EFFECT OF INVALIDITY OR WAIVER. The invalidity, in whole or in part, of any conditions of this purchase order shall not affect the validity of other conditions, nor shall the waiver of a breach of any provision of this order constitute a waiver of any subsequent breach of that provision or the breach of any other provision.

27. INDEMNITY AND INSURANCE. The Seller (including contractors and all subcontractors if any) shall protect the Buyer against any and all liabilities, claims or demands arising directly or indirectly from or in connection with work performed or materials delivered hereunder, and shall indemnify the Buyer and hold it harmless from all loss and damage and shall defend Buyer against any and all claims (including, but limited to, injuries to persons or damage to property) arising from the failure of the Seller (including contractors and all subcontractors, if any), the Buyer or the agents, servants or employees of any of them to conform to the statutes, ordinances, regulations or requirements of any governmental authority, concerning or in any way relating to (either directly or indirectly) any work done, materials delivered hereunder, or the operations and techniques employed in connection therewith, and arising from anything done by the negligence of the Seller (including contractors and all subcontractors, if any), the Buyer, or the officer's agents, servants and employees of any of them while engaged in the performance of any act directly or indirectly related to work done or materials delivered or while in and about the premises of the Buyer or arising from liens or claims for services rendered or labor or materials furnished.

The Seller (including contractors and all subcontractors, if any), shall maintain the following insurance with an insurance company or companies authorized to do business under the law of the State in which the work is to be done or materials furnished.

Workmen's Compensation Insurance covering its obligations under the applicable law or laws, Comprehensive General Liability Insurance (including Contractual Liability for the obligations assumed hereunder) with bodily injury limits of \$100,000 per person and \$300,000 per accident and a property damage limit of \$100,000 per accident.

Upon request, Certificates of said insurance shall be filed with Buyer and shall provide for 10 days prior to written notice of cancellation of or material change in said insurance. The liability insurance limits shall in no way be construed as a limit on the Buyer's right of indemnity hereunder.

28. DANGEROUS GOODS. Hazardous, dangerous, explosive, inflammable, or toxic goods will be safely and properly marked and packaged by Seller, and Seller assumes all liability direct or indirect resulting from its failure to do so.

29. CONSTRUCTION. This order shall be construed in accordance with the laws of the State of New Hampshire.

30. ITAR; EAR; EXPORT/IMPORT COMPLIANCE. Seller shall comply with all requirements of the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR"), issued thereunder, any subsequent amendments thereto, any other US export laws and regulations or any foreign country of origin laws, regulations and interpretations thereof relating to the products or deliverables ordered by Buyer under this Purchase Order. Seller shall promptly notify Buyer if any product or deliverable hereunder is (or becomes) subject to validated export licensing requirements. Buyer may agree in writing to accept products subject to such validated licensing requirements; otherwise, Seller shall, at Buyer's option and at Seller's expense, (a) use commercially reasonable efforts to redesign or find a substitute component or product acceptable to Buyer or Buyer's customer that is not subject to validated export licensing requirements, (b) prepare a mutually acceptable corrective action plan for the replacement or removal of the product from the end user product, (c) provide Buyer with the substitute product(s), and (d) pay for the costs of integrating any substitute product(s) into the final product, including paying for or reimbursing Buyer or Buyer's customer for all shipping, transportation and labor costs of Buyer or Buyer's customer to effect any removal and reinstallation of a substitute product or final product, as the case may be. Seller shall indemnify and hold harmless Buyer with respect to any third party claims or governmental fines or penalties in connection with Seller's failure to comply with this provision or applicable laws or regulations. Buyer's remedies hereunder shall be in addition to any other rights and remedies provided by law or in equity.