

## TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE:** Seller's acknowledgment of this order or commencement of any work or performance of any services hereunder shall constitute acceptance by Seller of this order and all of its terms and conditions. Different or additional terms, items or conditions proposed by Seller in acknowledging or otherwise accepting this order shall not be binding upon Buyer unless Buyer expressly consents thereto in writing.
2. **PRICE AND DELIVERY:** Seller shall furnish the supplies (the term supplies where applicable, shall also be deemed to refer to services) called for by this order in accordance with the prices and delivery dates or schedule stated herein. The prices stated herein include all applicable taxes except that sales tax, if any, may be separately stated. Seller represents and warrants that the prices stated herein (I) are no higher than the lowest net price charged by Seller to any other customer of the same class for like supplies and like quantities (II) are not in excess of the prices permitted by an applicable law, rule or regulation. Time is of the essence in performing the order. Should Seller experience or anticipate any delay in performing this order, Seller shall immediately notify Buyer in writing of such delay, its expected duration, the action being taken to mitigate such cause of non-delivery and when on-schedule status will be regained. Neither such notification nor an acknowledgement by Buyer shall constitute a waiver of this order's specified delivery schedule or of any rights or remedies of Buyer under this order. Seller shall be liable to Buyer for any direct damages resulting from a delay in delivery, and Seller shall, at its expense, take whatever reasonable action is necessary, with or without Buyer's request, to meet such schedules as set forth herein or to recover to the maximum extent possible any delay in meeting such schedules. Such reasonable action by Seller shall include, but not be limited to, expedited shipment.
3. **PACKING:** All supplies shall be packed, packaged, marked and otherwise prepared for shipment to prevent damage in transit, assure lowest transportation cost and meet carriers tariff requirements. Seller shall mark containers or packages with necessary lifting, loading and shipping information and also order number, account number, date of shipment and names and addresses of consignor and consignee. An itemized packing sheet must accompany each shipment unless otherwise specified. No charge shall be made by Seller for packing or packaging.
4. **INVOICING:** Separate invoices shall be rendered in triplicate for each shipment within 24 hours after each shipment and shall be accompanied by a bill of lading or express receipt. The invoice shall show separately (I) any applicable taxes; (II) any applicable freight and similar charges. Payment of an invoice shall not constitute acceptance of supplies and shall be subject to adjustment for errors shortages, defects or other failure of Seller to meet the requirements of this order. Buyer may at any time set off any amount owed by Buyer or any of its subsidiaries or affiliates to Seller against any amount owed by Seller to Buyer or any of its subsidiaries or affiliates.
5. **COMPLIANCE:** In the performance of its work hereunder, Seller shall comply with the Fair Labor Standards Act of 1938, as amended and all other applicable local, state and federal laws, rules and regulations. Seller shall include a certificate on all invoices submitted in connection with this order, stating that the supplies covered by the

invoice were produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, and shall, at Buyer's request, furnish additional certificates certifying compliance with other applicable laws, rules or regulations.

6. **INSPECTION:** All supplies shall be subject to inspection and test by Buyer and its customers (the term "customers" as used herein shall include, without limitation, higher tier contractors and the United States Government) at all times and places as such parties require. Seller shall provide without additional charge all reasonable facilities and assistance for the safety and convenience of the foregoing parties in their performance of such inspections and tests. Supplies required to be corrected or replaced pursuant to paragraph 7 hereof shall be subject to inspection in the same manner as supplies originally delivered hereunder. If rejected supplies are resubmitted, Buyer shall be notified. Notwithstanding Buyer's rights of inspection as stated above, final inspection and acceptance shall be made by Buyer or its customers at destination. Seller shall provide and maintain a quality control and inspection system acceptable to Buyer. No inspection, test, approval or acceptance by Buyer or its customers shall relieve Seller from responsibility for any defects or other failure to meet the requirements of this order or from any warranties.

7. **WARRANTIES:** In addition to and without prejudice to all other warranties, both express and implied, Seller warrants that the supplies furnished hereunder will be (I) free from defects in workmanship and material (II) free from defects in design (III) suitable for the purpose intended and (IV) in compliance with all requirements of this order and all applicable drawings, specifications, samples, representations or

other descriptions. All warranties, both expressed and implied, shall inure to Buyer, its customers and users.

In case any supplies are defective in material or workmanship, or otherwise not in conformity with the requirements of this order, Buyer shall, in addition to any other rights, have the right to (I) reject same and rescind the order in whole or in part (II) reject same and require the correction or replacement thereof by Seller or (III) accept the same and deduct from the amount due to Seller the cost of remedying such defects if Buyer elects option II above, Seller shall, without expense to Buyer, promptly correct same or replace same with supplies acceptable to Buyer in accordance with Buyer's instructions. If Seller fails to promptly replace or correct such supplies in accordance with Buyer's instructions, Buyer may (x) replace or correct such supplies and charge Seller the cost to Buyer thereof, or (y) terminate this order for default and recover costs in accordance with paragraph 10 hereof. The rights and remedies set forth in this paragraph are cumulative and in addition to any other rights or remedies provided herein, at law, or in equity.

8. **CHANGES:** Buyer may at any time, or written order, make changes within the general scope of this order in any one or more of the following (I) drawings, design or specifications where the materials to be furnished are to be specially manufactured in accordance therewith (II) method of shipment or packaging (III) places of delivery (IV) delivery dates. If any such changes cause an increase or decrease in the cost of, or in the time required for the performance of, any part of the work to be performed hereunder, an equitable adjustment may be made in the order price or delivery schedule, or both at Buyer's sole discretion.

Any claim by Seller for adjustment under this clause may be asserted in writing within twenty (20) days from the date of receipt by Seller of the notification of change. Where the cost of property made obsolete or excess as a result of a change is included in Seller's claim for adjustment. Buyer shall have the right to prescribe the manner if disposition of such property. Any change order issued hereunder will not be binding on Buyer unless issued by an authorized purchasing agent of Buyer. Nothing in the paragraph shall excuse Seller from proceeding with the order as changed.

9. **DEFAULT:** (A) Seller shall be in default hereunder in the event (I) Seller fails to make any delivery in accordance with the agreed delivery date or schedule (II) Seller otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this order or fails to make progress in the work so as to endanger performance of this order, or (III) Seller becomes insolvent or makes a general assignment for the benefit of creditors or if any proceeds are commenced by or against Seller under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute, or if a trustee, receiver, liquidator or conservator for the Seller is applied for or appointed.

10. **TERMINATION:** If Seller is in default, Buyer may terminate this order or any part thereof by written notice and shall be entitled to all rights and remedies provided by law or under this order, including but not limited to, the procurement of similar supplies from other suppliers on such terms and conditions as Buyer determines to be appropriate and to charge Seller for any excess cost thereby incurred in addition to any other damages suffered by Buyer as a result of the default. The rights

and remedies set forth in this paragraph are cumulative and in addition to any other rights or remedies herein, at law, or in equity. (B) Seller shall not have the right to terminate its performance hereunder on the ground of any alleged breach of default by Buyer unless Seller has notified Buyer in writing of such breach of default, such breach or default is material and Buyer has failed to cure the same within thirty (30) days after receipt of such notice.

Notwithstanding anything to the contrary, Buyer may terminate this order (or part thereof) for convenience at any time upon providing written notice to Seller. Seller may claim for duly substantiated and mitigated direct costs incurred prior to date of termination notice. Such claim must be received within 20 days after date of Buyer's termination notice. In no event shall Seller's claim exceed the purchase price of the terminated goods or services.

11. **INFRINGEMENT:** To the extent of items covered by this order are manufactured pursuant to designs originated or otherwise furnished by Seller, Seller covenants and warrants that the supplies delivered under this order will not infringe any patent, trademark or copyright.

12. **MATERIAL AND TOOLS:** Buyer shall retain title to any designs, sketches, blueprints, drawings, patterns, models, dies, molds, tools, special appliances and material furnished or paid for by Buyer in connection with this order. They shall be used exclusively in the production of Buyer's orders, kept confidential and marked as the property of Buyer. They shall be retained by Seller, subject to examination by Buyer, at Seller's risk, and shall be replaced by Seller if lost, destroyed or damaged. Seller shall carry insurance coverage on such of said property, which is insurable in an amount

satisfactory to Buyer and shall, at Buyer's request, furnish o Buyer certificates or other evidence of insurance. At any and all times, such property shall be subject to disposition by Buyer and at the termination of its contract shall be returned to Buyer, including any unused material furnished by Buyer and all defective or spoiled material or products which contain any secret or patented devices, unless Buyer shall otherwise direct. Seller shall similarly be responsible with respect to property furnished by Buyer, which belongs to any of Buyer's customers.

or any details hereof without Buyer's prior written consent.

13. SUPPLIERS OF ELECTRONIC COMPONENTS:

All suppliers of electronic components, printed wiring assemblies (PWAs), and all similar electronic parts are required to have in place a program for the avoidance of counterfeit electronic parts based upon SAE AS5553, Boeing D950- 11160-1 or equivalent industry standard. This program shall include purchasing electronic components and electronic assemblies only from the Original Component Manufacturer (OCM), Original Equipment Manufacturer (OEM) or an OEM/OCM authorized distributor.

15. RISK OF LOSS: Unless otherwise provided in this order, Seller shall bear the risk of any loss of, or damage to the supplies purchased hereunder until they are delivered in conformity with this order to a carrier, including, where applicable, Buyer's truck, at the F.O.B. point specified on the face hereof. Upon such delivery, Seller's responsibility for loss or damage shall cease except for loss or damage resulting from Seller's negligence or failure to comply with this order.

16. LIABILITY FOR INJURY: Seller agrees to be responsible for, and to indemnify and save harmless, the Buyer and its employees and customers from any and all injury, death, damage and loss to persons or property arising out of or incident to the work to be performed by Seller pursuant to this order, whether performed on the premises of Seller or Buyer or otherwise.

14. CONFIDENTIALITY: Seller agrees that all information disclosed, obtained or discovered by Seller or its representatives in connection with the materials furnished by Buyer to Seller shall be received in confidence, acknowledges that such information is the property of Buyer and agrees that such information shall not be reproduced or used by Seller or transmitted or disclosed to any person or organization by Seller. Seller shall not, in any manner, advertise or publicize or release for publication, any statement relating to the fact that this order has been placed with it

17. LIEN WAIVERS: If the furnishing of any labor or material pursuant to this order could give rise to any liens or lien rights against any premises of Buyer or its customers, Seller agrees to furnish, upon Buyer's request, at any time or times, good and sufficient lien waivers by Seller and all other persons furnishing any such labor or material at Seller's instance or request.

18. ASSIGNMENT, SUBCONTRACTING: Seller shall not assign this order or any of its rights hereunder or subcontract any portion of the work hereunder without the prior written consent of Buyer, and any purported assignment or subcontracting without Buyer's prior written consent, shall be void.

19. DELAYS: Time is of the essence. Seller shall immediately notify Buyer of any

actual or potential labor dispute or any other event which delays or threatens to delay the timely performance of this order and all information relevant thereto.

In the event Seller fails to timely deliver the goods and/or services as required by this order, and such delay is not an excusable delay as reasonably determined by Buyer, such delay shall be deemed an event of default. In addition to other rights and remedies hereunder, Seller shall reimburse Buyer its costs incurred as the result of such breach.

20. WAIVER: The waiver by Buyer of a breach by Seller of any provision of this order shall not be deemed a waiver of future compliance therewith, and such provisions, as well as all other provisions hereof, shall remain in full force and effect.

21. EXPORT CONTROL:

- a) Definition. Export-controlled items, as used in this clause, means items subject to the Export Administration Regulations (EAR) (15 CFR parts 730-774) or the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130). The term includes:
- b) The Parties shall comply with all applicable laws and regulations regarding export-controlled items, including, but not limited to, the requirement for Contractors to register with the Department of State in accordance with the ITAR. The Parties shall consult with the Department of State in accordance with the ITAR. The Parties shall consult with the Department of State regarding any questions relating to compliance with the ITAR and shall consult with the Department of Commerce regarding any questions relating to compliance with the EAR.

- c) The Parties responsibility to comply with all applicable laws and regulations regarding export-controlled items exists independent of, and is not established or limited by, the information provided by this clause.
- d) Nothing in the terms of this clause adds to, changes, supersedes, or waives any of the requirements of applicable Federal laws, Executive orders, and regulations.
- e) The Buyer shall include the substance of this clause, including this paragraph (e), in all subcontracts.

22. INDEMNIFICATION: Seller shall defend, indemnify and hold Buyer and its customers harmless from and against, any and all loss, damage, liability and expense, including without limitation, attorneys' fees, which may be suffered or incurred by Buyer or its customers as the result of any breach or default of any representations, warranties, covenants or agreements made by Seller hereunder.

23. LIMITATION OF LIABILITY: IN NO EVENT WILL BUYER BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, INCLUDING WITHOUT LIMITATION, LOST PROFITS, REVENUE, OR BUSINESS INTERRUPTION IN CONNECTION WITH, OR RELATED TO THE PERFORMANCE OF THIS AGREEMENT (INCLUDING WITHOUT LIMITATION BREACH OF THIS ORDER OR TERMINATION OF THIS ORDER).

24. SEVERABILITY: If any clause, sentence or provisions of this order are adjudged by any court, of competent jurisdiction, to be invalid, such judgment shall not affect, impair or invalidate the remainder hereof, but shall be confined in its operation to the clause, sentence, provision or part hereof directly

involved in the controversy in which such judgment shall have been rendered.

25. GOVERNING LAW: This purchase order shall be governed by and interpreted pursuant to the laws of the state of Texas.

26. FEDERAL ACQUISITION REGULATIONS: Seller agrees to negotiate in good faith with Buyer to incorporate additional provisions herein or to change provisions, as Buyer reasonably deems necessary to comply with the applicable Prime Contract, The following clauses are incorporated by reference and made a part hereof. The dates of these clauses are the dates in effect in the Prime Contract.

FAR TITLE

52.203-7 Anti-Kickback Procedures (This clause applies to this Contract only if the value of this Contract equals or exceeds \$150,000).

52.203-12 Limitation on Payments to Influence Certain Federal Transactions (This clause applies to this Contract only if the value of this Contract equals or exceeds \$150,000).

52.203-15 Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (Section 1553 of Pub. L. 111-5), if the subcontract is funded under the Recovery Act.

52.215-2 Audits and Records-Negotiation

52.215-20 Requirements for Certified Cost or Pricing Data or Information Other than Cost or Pricing Data (Substitute "Buyer Procurement Representative" for "Contracting Officer," "Administrative Contracting Officer," and "ACO" throughout this clause).

52.219-8 Utilization of Small Business Concerns.

52.222-21 Prohibition of Segregated Facilities.

52.222-26 Equal Opportunity.

52.222-35 Equal Opportunity for Veterans (This clause applies to this Contract only if the value of this Contract equals or exceeds \$100,000).

52.222-36 Affirmative Action for Workers with Disabilities (This clause applies to this Contract only if the value of this Contract equals or exceeds \$15,000).

52.222-37 Employment Reports on Veterans (This clause applies to this Contract only if the value of this Contract equals or exceeds \$100,000).

52.225-1 Buy American Act-Supplies.

52.244-6 Subcontracts for Commercial Items.

52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels.

27. ENTIRE AGREEMENT: This order which includes any supplemental sheets, schedules, exhibits and riders, annexed by Buyer hereto, contains the complete and entire agreement between the parties and supersedes any previous communications, representations or agreements, whether verbal or written, with respect to the subject matter hereof.