



Crane Electronics Group

Purchase Order Terms and Conditions

April 2011

PURPOSE

Define terms and conditions under which suppliers will conduct business with Crane Electronics, Inc., Crane Electronics, Corp., Eldec Corporation, and Merrimac Industries, Inc.

1. DEFINITIONS

The term "BUYER" means the Crane Electronics Group business unit, as described above, from whom the Purchase Order is issued and "SELLER" means the supplier to whom the Purchase Order is given. "Goods" may mean any article, apparatus, machine, device, material, component, subassembly or service furnished or to be furnished under this Purchase Order. "FAR" means Federal Acquisition Regulation. "Contract" means a subcontract between BUYER and a third party for goods to be sold or incorporated into goods to be sold to the Government, or a prime contract between BUYER and the Government under which this Purchase Order is issued, and "Contracting Officer" means that person (defined and described in FAR 52.202-1) administering the Contract.

2. ACCEPTANCE AND ACKNOWLEDGEMENT

This Purchase Order becomes a binding contract when it is accepted by SELLER by the commencement of performance or when formal written acknowledgment is received by BUYER from SELLER (a) with no changes, exceptions or additions to the Purchase Order or (b) with changes, exceptions or additions accepted in writing by an authorized representative of the BUYER, and BUYER hereby objects to any additional or different terms unless accepted in writing by the BUYER. No oral agreement or other understanding shall in any way modify, amend or extend this Purchase Order or any of the terms and conditions hereof. All supplemental sheets, schedules, exhibits or riders which may be annexed hereto are made part of this Purchase Order to which SELLER agrees by acceptance of this Purchase Order.

3. NOTICE AND CERTIFICATION

NOTICE: BUYER will not enter into any subcontract or other business relationship relating to United States Government contracts with any individual or business entity listed by a United States Government agency as debarred, suspended or otherwise ineligible for contracting.

CERTIFICATION: The individual or entity that proposes to provide goods and/or services to BUYER under this offer/agreement hereby certifies that it is not listed by a United States Government agency as debarred, suspended or otherwise ineligible for contracting.

4. DELIVERY

Deliveries shall be completed strictly in accordance with the quantities and schedules specified in this Purchase Order. BUYER may at any time postpone delivery of any of the articles ordered herein for a reasonable time as to any particular schedule shipment. If, at any time, it appears SELLER may not meet such delivery schedule, SELLER shall immediately notify BUYER of the estimated duration of any delay and the reasons therefore. In such event, SELLER shall, upon request by BUYER, avoid such delay (or such portion thereof as BUYER requires) by appropriate methods, including (without limitation) incurring expenditures for overtime and expedited shipment by air or other means of expedited transport. Any costs incurred by SELLER to avoid such delay shall be borne solely by SELLER, unless the delay in delivery arises out of causes beyond the control and without the fault or negligence of SELLER or its subcontractors within the meaning of the "Default-Termination" clause herein. The foregoing requirements are in addition to all of BUYER'S other rights and remedies as may be provided by applicable law or this Purchase Order. Nothing herein shall be interpreted as waiving BUYER'S remedies for default (including right or termination) if SELLER fails to meet the delivery schedule. Delivery according to the schedule provided herein is an important condition hereof. Therefore, the delivery dates(s) shall not be advanced or delayed without written agreement between BUYER and SELLER.

5. PACKING, MARKING AND SHIPPING

SELLER shall pack, mark and ship all Goods in accordance with the requirements of this Purchase Order, all applicable transportation regulations and good commercial practices for the adequate protection and shipment of the ordered Items. SELLER shall secure the transportation service and rates most advantageous to BUYER as long as procurement thereof shall be consistent with SELLER'S foregoing obligations. No separate or additional charge shall be payable by BUYER for containers, crating, boxing, bundling, dunnage, drayage or storage unless specifically stated in this Purchase Order. Any expense, damage or liability incurred by BUYER as a result of improper preservation, packaging, marking or method of shipment shall be reimbursed by SELLER upon demand. A packing list showing this Purchase Order number (and release number, if applicable) shall be included with each shipment, and each container shall be marked to show the Purchase Order number. SELLER shall mail the original bill of lading to BUYER'S Purchasing Department at point of Purchase Order unless otherwise instructed. Any transportation charges paid by SELLER for which SELLER is entitled to reimbursement as specifically stated in this Purchase Order shall be shown on SELLER'S invoice as a separate line item and the receipted freight bill shall be attached thereto. In the case of a drop shipment, SELLER shall send BUYER at time of shipment two copies of the above-described packing list.

6. VARIATIONS IN QUANTITY

Quantities of Goods delivered pursuant to this Purchase Order shall not vary from the quantities ordered without specific written consent of BUYER. Shortages in quantities will be made up by SELLER at no cost to BUYER within the delivery period indicated. BUYER will not pay for any overages without prior agreement between BUYER and SELLER and will, at SELLER'S timely request, return overages to SELLER at SELLER'S expense.

7. CHANGES AND ALTERATIONS

BUYER may at any time by written notice make changes in drawings, specifications, descriptions, shipping instructions, quantities and/or delivery schedules. Should any such changes increase or decrease the cost of Goods or the time required for performance of this Purchase Order, an equitable adjustment will be negotiated, evidenced by a written amendment to this Purchase Order. No changes or substitution of materials, Goods or processes made by the SELLER will be valid unless authorized in writing by the BUYER.

8. ASSIGNMENT OF PURCHASE ORDER

(a) SELLER shall not assign this Purchase Order nor delegate any of its duties or obligations hereunder without BUYER'S prior written consent except as permitted by the "SUBCONTRACTING" provision of this Purchase Order and any unauthorized assignment or delegation shall be void and shall constitute a material breach hereof.

(b) Upon written notification to BUYER, SELLER may assign to a third party its rights to payments due or to become due SELLER hereunder; provided SELLER and the third party to whom such payments are assigned jointly execute, in a form acceptable to BUYER, a written understanding to hold BUYER harmless with respect to any payments made pursuant to such assignment. Any assignment of current or future payments shall be subject to all defenses and rights of set off or withholding in favor of BUYER, including, without limitation, set off for damages for breach of contract or warranty and deductions pursuant to this Purchase Order.

9. SUBCONTRACTING

SELLER shall not, without BUYER'S prior written consent, subcontract any portion of this Purchase Order if the aggregate of all such subcontracts is in excess of \$25,000, provided, however, that the limitation shall not apply to SELLER'S purchase of standard commercial supplies or raw materials. SELLER shall select subcontractors (including suppliers) on a competitive basis to the maximum extent consistent with the objectives and requirements of this Purchase Order.

SELLER must flow down to subtier suppliers all applicable requirements in the purchasing documents (such as Purchase Orders and documents associated with orders of Goods), including any key characteristics where required (such as requirements contained in BUYER'S customers' purchasing documents, including, but not limited to, purchase orders, statements of work, specifications, quality assurance provisions and other documents associated with such orders).

10. INSPECTION AND TESTING

(a) All Goods (including, without limitation, raw material, components, intermediate assemblies, and end products) shall be subject to inspection and test by BUYER and BUYER'S customer and regulatory authorities, to the extent practicable at all times, places and facilities used in the performance of this Purchase Order during the period of manufacture. This right of inspection shall include the right of access to all applicable records.

(b) In case any Goods are defective in material or workmanship (or design, to the extent SELLER is responsible therefore), or otherwise not in conformity with the requirements of this Purchase Order ("Non-Conforming Goods"), SELLER must immediately notify BUYER upon the discovery of such Non-Conformity of Goods. BUYER shall then have the right, at its sole discretion, to either: (a) accept the Non-Conforming Goods; (b) reject the Non-Conforming Goods and cancel all or any part of this Purchase Order; or (c) require that the Non-Conforming Goods be corrected or replaced by SELLER with conforming Goods. If BUYER does not accept the Non-Conforming Goods pursuant to (b) or (c) above, BUYER may return the Non-Conforming Goods to SELLER at SELLER'S risk and expense, including transportation both ways. Non-Conforming Goods which have been rejected or required to be corrected by BUYER pursuant to (b) or (c) above shall be removed or, if permitted or required by BUYER, corrected in place by and at the expense of the SELLER promptly after notice is sent by BUYER. If SELLER fails promptly to remove such Non-Conforming Goods which are required to be removed, or promptly to replace or correct such Non-Conforming Goods pursuant to (b) or (c) above, BUYER may

either: (i) replace or correct such Non-Conforming Goods and charge SELLER the cost therefore; or (ii) cancel all or any part of this Purchase Order. Unless SELLER corrects or replaces such Non-Conforming Goods within the specified delivery schedule, BUYER may require the delivery of such Non-Conforming Goods at a reduction in price which is equitable under the circumstance.

(c) If any inspection or test is made by BUYER, BUYER's customer and/or the Government on the premises of SELLER or its subcontractor, SELLER, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of BUYER, BUYER's customer and/or Government inspectors in the performance of their duties. If such inspection or test is made at a point other than the premises of SELLER or its subcontractor, it shall be at the expense of BUYER, except as otherwise provided in this Purchase Order, provided, that in case of rejection, BUYER shall not be liable for any reduction in value of samples used in connection with such inspection or test. All such inspections or tests shall be performed in such a manner as not to unduly delay the work. BUYER reserves the right to charge SELLER for additional re-inspections or retest as necessitated by prior rejection. Inspection and acceptance or rejection of Goods shall be made as promptly as practicable after delivery to BUYER's plant or to such other place of final delivery as may be specified herein, irrespective of prior payment, except as otherwise expressly provided for in this Purchase Order; but failure to inspect and accept or reject Goods shall not relieve SELLER from responsibility for such Goods as are not in accordance with Purchase Order requirements nor impose liability on BUYER therefore.

(d) SELLER shall provide and maintain an inspection system acceptable to BUYER covering the Goods hereunder. Records of all inspection work by SELLER shall be kept complete and available to BUYER during the performance of their Purchase Order and for a period of no less than ten (10) years.

(e) This section shall not reduce any of the rights or liabilities of the parties under the "WARRANTY" provision of this Purchase Order.

(f) All rights granted herein to BUYER's customer and/or Government shall be preserved by SELLER and passed on to all of its subcontractors and suppliers.

(g) It is expressly agreed that payment shall not constitute final acceptance. Defective Goods will be returned at SELLER's risk and expense at the full invoice price, plus incoming transportation charges. No replacement of defective Goods shall be made unless specified in writing by the BUYER. BUYER may reject and return any portion of shipment, which may be defective or fail to comply with specifications, drawings, samples or descriptions stated in the Purchase Order without invalidating the remainder of the Purchase Order.

11. WARRANTY

(a) By acceptance of this Purchase Order, SELLER expressly certifies and warrants that all material and work that is covered by this Purchase Order shall conform to the specifications, including reliability, operating life, workmanship, materials, performance, drawings, samples or other description furnished by BUYER that to the extent quality is not specified the best quality shall be furnished, and that all work and Goods shall be merchantable, of good material and workmanship and free from defect, SELLER expressly warrants for one year from acceptance that all the Goods covered by this Purchase Order which is the product of SELLER or maintained by SELLER will be fit and sufficient for the purposes intended, and SELLER hereby acknowledges that it fully understands the purposes intended for work and Goods to be furnished. This warranty shall survive inspection, and any defects found subsequent to delivery, whether patent or latent, shall remain the responsibility of SELLER. SELLER will at the option of BUYER (i) replace defective Goods with products meeting the requirements hereof at no cost to BUYER, (ii) repay such portion of the purchase price as is equitable in the circumstance if BUYER elects to use the defective Goods, or (iii) repay the unit cost of any such defective Goods plus any excess costs of BUYER in acquiring satisfactory Goods and resultant rework of BUYER's product(s). The SELLER shall hold BUYER harmless from any damage arising from a breach of these warranties. The warranties of the SELLER together with its service warranties and any guarantee, if any, shall run to the BUYER and/or BUYER's customers.

(b) COUNTERFEIT PARTS WARRANTY: SELLER warrants the materials delivered to BUYER shall (i) be new; (ii) be and only contain materials obtained directly from the original equipment manufacturer ("OEM") or an authorized OEM reseller or distributor; (iii) not be or contain Counterfeit Items; and (iv) contain only authentic, unaltered OEM labels and other markings. As used in this Purchase Order, a "Counterfeit Item" is defined as a copy or substitute without legal right or authority to do so or one whose material, performance or characteristics are knowingly misrepresented by a supplier, distributor or manufacturer at any level in the supply chain. Examples include, but are not limited to: (i) parts remarked to disguise parts differing from those offered by the OEM; (ii) previously used parts salvaged from scrapped assemblies; and (iii) defective parts scrapped by the OEM.]

12. PRICE WARRANTY

SELLER represents that the price or prices specified on this Purchase Order do not exceed the current selling prices for the same or substantially similar items whether to the Government or to any other purchaser, taking into account the quantity and delivery requirements hereof. SELLER further represents that to the best of its knowledge, information and belief, the prices to be charged for Goods covered by this Purchase Order are not in excess of prices established by any applicable law or regulation, and SELLER agrees forthwith to refund any amounts paid by BUYER in excess of lawful amounts, or of the foregoing provisions of this section. The price includes packing, crating and preparation for shipment.

13. MILITARY SECURITY REQUIREMENTS

The provisions of this clause shall apply to the extent that this Purchase Order involves access to security information classified "top secret," "secret," or "confidential." (a) The SELLER shall safeguard all classified elements of this Purchase Order and shall provide and maintain a system of security controls within its own organization in accordance with the requirements of the Department of Defense industrial Security Manual for Safeguarding Classified Security Information as in effect on date of this Purchase Order, or made after the date of this Purchase Order; notice of which has been furnished to the SELLER by the BUYER; and those provisions of written agreements entered into by the parties pertaining to the adaptation of the Manual to the BUYER's business. (b) Designated

representatives of the Government responsible for inspection pertaining to industrial security shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the SELLER in complying with the requirements of the terms and conditions of this clause. (c) The SELLER also agrees that it shall determine that any subcontractor proposed by it for the furnishing of supplies and services which will involve access to classified security information in the SELLER's custody has been granted an appropriate facility security clearance, which is still in affect, prior to being accorded access to such classified security information.

14. CONSIGNED PROPERTY AND RESPONSIBILITY FOR PROPERTY

Unless otherwise provided herein or in any other agreement between BUYER and SELLER, all supplies, materials, facilities, tools, jigs, dies, fixtures, patterns, or equipment furnished to SELLER by BUYER to perform this Purchase Order shall remain the property of BUYER and SELLER shall bear all risk of loss thereof, and damage thereto, normal wear and tear excepted, which such property is in SELLER's possession. All such property shall at all times be properly housed and maintained by SELLER; shall be marked by SELLER as the property of BUYER'S business unit that issued the Purchase Order, shall not be commingled with the property of SELLER of that of a third party; shall not be moved from SELLER's premises without prior written authority from BUYER; and shall, upon request of BUYER, be immediately delivered to BUYER, by SELLER. If Government property is furnished on this Purchase Order, FAR 52.245-2 shall apply, and SELLER shall comply therewith.

15. INTELLECTUAL PROPERTY

- (a) SELLER warrants that the Goods delivered under this Purchase Order which are not of BUYER'S design will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country and are free and clear of all liens, licenses, claims and encumbrances.
- (b) SELLER shall indemnify, hold harmless and, at BUYER'S election, defend BUYER and its customers from and against all losses, costs, claims, penalties, causes of action, damages, liabilities, fees and expenses, including, but not limited to, reasonable attorneys' fees, arising from or related to any action by a third party that is based upon a claim that the Goods delivered under this Purchase Order infringe or otherwise violate the intellectual property rights of any person or entity.
- (c) SELLER grants and agrees that BUYER shall have a nonexclusive, worldwide, irrevocable, paid-up, royalty-free license and right, to enable BUYER to satisfy its contractual obligations to its customers, including the right to make, have made, sell, offer for sale, use, execute, reproduce, display, perform, publish, distribute, copy, prepare derivatives or compilations, and authorize others to do any, some or all of the foregoing, with respect to any and all, inventions, discoveries, improvements, technology, designs, works of authorship, mask works, patents, copyrights, technical information, data, databases, software, business information and other information, conceived, developed, generated or delivered in performance of this Contract. SELLER shall provide all assistance reasonably required and execute all documents necessary to perfect the rights granted to BUYER herein.
- (d) Any invention, development, trademark or copyrightable subject matter conceived, first reduced to writing, first reduced to practice, or made by SELLER, either solely or with others, in the course of SELLER'S performance under this Purchase Order, is hereby assigned to BUYER if such invention, development, trademark or copyrightable subject matter: (i) results from services for BUYER under this Purchase Order; or (ii) is made using BUYER'S time, materials or facilities, or is paid for by BUYER. All such copyrightable subject matter will be "works made for hire" under U.S. Copyright law. SELLER will disclose such inventions, developments, trademarks or copyrightable subject matter promptly to BUYER and will cooperate with BUYER during and after the term of this Purchase Order in filing and prosecuting any patent, trademark or copyright applications thereon and in evidencing ownership thereof by BUYER. SELLER agrees that the payments pursuant to this Purchase Order are full and complete compensation for all obligations assumed by SELLER hereunder, and the assignment of inventions, developments, trademarks or copyrightable subject matter does not entitle SELLER to any additional compensation.

16. TAXES

Federal, state or local taxes of any nature which are billed to BUYER shall be stated separately in SELLER's invoices. To any extent that exemptions are available on taxes included in the original quote, such exemptions will be obtained by SELLER and be passed on to BUYER as a reduction in price.

17. INVOICES

Invoices will be submitted by SELLER in triplicate to the address of the specific Crane Electronics Group business unit that issued the Purchase Order. Payment will in no event be due from BUYER prior to the specified delivery dates. Terms of payment will be computed from the latest of the following dates: (a) Specified delivery date; (b) Date of Delivery, inspection and acceptance; (c) Date correct invoice or voucher is received in office specified by BUYER.

Payment is deemed to be made on the date of mailing of the check by the BUYER. Payment of SELLER's invoice is subject to adjustment for over shipment, shortage, and rejection. Individual invoices showing this Purchase Order number and item number of Purchase Order and description of items as shown on this Purchase Order must be issued for each shipment applying to this Purchase Order. One copy of each individual invoice must be plainly marked "ORIGINAL". Any applicable sales tax, duty, excise tax, use tax, or other similar tax or charge, for which BUYER has not furnished an exemption certificate must be itemized separately on SELLER's invoices. A statement of account shall be submitted monthly.

18. FORCE MAJEURE

BUYER shall not be obliged to accept Goods covered by this Purchase Order while it is unable to do so as a result of causes or conditions beyond its control including, without limitations, fires, floods, strikes, differences with employees, casualties, total or partial shutdown of its plants for any reason, or rules or regulations of any governmental authority, and, in such event BUYER may, at its option, extend the time of payments due hereunder, without interest, by the length of such period during which BUYER is unable to accept Goods, or BUYER may terminate all or such portion of this Purchase Order represented thereby without penalty.

19. RELATIONSHIP OF THE PARTIES SELLER'S EMPLOYEES

SELLER shall be deemed to be an independent contractor in all of its operations and activities hereunder whether the work is performed on the premises of BUYER, SELLER or other; the employees furnished by SELLER to work hereunder shall be deemed to be employees of SELLER exclusively without relation whatever to BUYER; and said employees shall be paid by SELLER for all their services in connection with this contract. SELLER shall carry Workman's Compensation insurance and shall be responsible for all obligations and reports relating to social security, insurance, workman's compensation, income taxes, and other reports and deductions required by the federal, state and local law.

20. ADVERTISING AND/OR NEW RELEASES

SELLER shall not, without prior written consent of BUYER, advertise or release to the public or any media information relating to the requirements set forth in this Purchase Order or the fact that SELLER has contracted with BUYER. SELLER may request a release by formally transmitting to the cognizant BUYER or Administrator a written request including the exact wording and any sketches or photographs which may form a part of the release. Under no circumstances shall releases be requested relating to Government Classified work. For failure to observe this provision, BUYER shall have the right to cancel the Purchase Order without any further liability.

21. ORDER OF PRECEDENCE

The various documents constituting this Purchase Order shall, insofar as is possible, be interpreted so as to be consistent with one another. In the event that a conflict or ambiguity arises in the interpretation of this Purchase Order, said conflict or ambiguity shall be resolved in accordance with the following order of precedence, with the first listed item having a higher precedence than the later listed items: (a) provisions required by statute, regulation, or Government contract; (b) typed provisions of this Purchase Order; (c) statement of work or special provisions of this Purchase Order when attached or incorporated by reference; (e) this Terms and Conditions document; (f) specifications; and (g) drawing(s).

22. LIENS

SELLER agrees to deliver to BUYER the articles covered by this Purchase Order free and clear of all liens, claims and encumbrances.

23. DEFAULT - TERMINATION

(a) In addition to such rights as BUYER may have under FAR 52.249-8 and FAR 49.502 in the event that (i) SELLER fails to perform or comply with any provisions of this Purchase Order or fails to make progress so as to endanger performance, or (ii) SELLER becomes insolvent during the performance of the Purchase Order, or a petition is filed by or against SELLER under any chapter of the Federal Bankruptcy Act, or SELLER makes a general assignment for the benefit of creditors then, in such event, SELLER shall be deemed to be in default and BUYER may cancel all of the executory portion of this Purchase Order immediately and require delivery of (i) any completed Goods and (ii) such partially completed Goods and materials, parts, tools, jigs, fixtures, plans, drawings, information, and contract lights ("manufacturing materials") for which BUYER has made advance progress payments.

(b) Upon SELLER's default, SELLER shall promptly deliver all completed or partially completed Goods and manufacturing materials requested by BUYER: BUYER shall (i) pay for all accepted completed Goods at the Purchase Order unit price and (ii) pay for partially completed supplies and manufacturing materials that amount agreed upon by SELLER and BUYER not exceeding the fair market value thereof.

(c) Notwithstanding the foregoing, BUYER may terminate all or any part of this Purchase Order at least 60 days prior to any scheduled delivery date, and, in such event, BUYER's sole liability will be to accept and pay for conforming Goods scheduled for delivery and delivered within 60 days of such termination.

24. BUYER'S PROPERTY

All specifications, drawings, tools, jigs, dies, fixtures, materials and other items which are supplied by BUYER or which are to be furnished by SELLER as an item or items on this Purchase Order shall be confidential. They shall be and remain the property of BUYER (or of the United States Government or other party where the Government of such other party has or acquires title thereto) and BUYER shall have the right to enter SELLER's premises and remove them at any time without being guilty of trespassing or liable to SELLER for damages of any sort. All such items shall be used only in the performance of work under this Purchase Order unless BUYER consents otherwise in writing, except that as to any such items which are owned by the Government or which the Government has the right to use, the SELLER may use items in the performance of any direct contract between the SELLER and the Government on a non-interference basis, after the Government has expressly authorized such use in writing with written notice of such authorization to the BUYER. SELLER shall prominently mark all such items as the property of, and, if directed, the area in which they are located as containing property of, BUYER (or, as the case may be, of the United States Government or said other party).

SELLER shall also mark such items with the corresponding drawing number and/or Government number. SELLER shall similarly list all such items on inventory invoices and shall be responsible for them as an insurer until delivered to BUYER. SELLER shall not dispose of any such items without BUYER's written consent. The provisions of this Article herein above set forth shall survive delivery and payment, and remain in full force until all said items are delivered to BUYER or otherwise disposed of with BUYER's written consent. SELLER shall without limitation as to time indemnify and save BUYER harmless from all claims which may be asserted against said property, including without limitation mechanic's lien or claims arising under Workman's Compensation or Occupational Disease laws, and from all claims for injury to persons or property arising out of or related to such property unless the same are caused solely and directly by BUYER's negligence.

25. INDEMNIFICATION

SELLER agrees that it will indemnify and hold harmless BUYER, its officers, directors, employees and corporate affiliates from any loss, cost, damage, expense or liability of whatsoever nature arising out of, as a result of, or in connection with the performance of this Purchase Order or a default (including, without limitation, a breach of warranty) hereunder and occasioned in whole or in part, directly or indirectly, by the actions or omissions of SELLER, its officers, employees, agents and/or subcontractors except for claims resulting from the sole negligence of BUYER. BUYER will inform SELLER of any claim, demand or suit asserted or instituted against it and, to the extent of BUYER's ability to do so, permit SELLER to defend the same or make settlement in respect thereof.

26. REMEDIES

Remedies herein reserved to BUYER shall be cumulative and shall be in addition to any other or future remedies provided by applicable law or in equity.

27. NO WAIVER OF CONDITIONS

Failure of BUYER to insist on strict performance hereof shall not constitute a waiver of any of BUYER's rights hereunder, or waiver of any default by SELLER.

28. BUSINESS CONTINUITY PLAN (BCP)

A SIGNIFICANT PORTION OF BUYER's customer base is the U.S. Government and the aerospace industry. Consequently, national security issues are closely associated with BUYER's products and delivery capabilities. SELLER is a key component and partner in BUYER'S commitment to its customer base for on-time performance and delivery. SELLER is responsible and accepts the duty to implement and maintain a Business Continuity Plan consistent with its product line that includes: disaster recovery actions; IT recovery capabilities; back-up and alternative sources of supply; emergency operation plans; and related BCP actions.

29. DISPUTES, APPLICABLE LAW, AND JURY WAIVER

(a) All disputes arising from or related to this Contract, which are not disposed of by mutual agreement may be decided by recourse to an action at law or in equity in accordance with subparagraph 27(b) below. Until final resolution of any dispute hereunder, SELLER shall diligently proceed with the performance of this Purchase Order as directed by BUYER.

(b) BUYER and SELLER agree to timely notify each other of any claim, dispute or cause of action arising from or related to this Purchase Order, and to negotiate in good faith to resolve any such claim, dispute or cause of action. To the extent that such negotiations fail, BUYER AND SELLER AGREE THAT ANY LAWSUIT OR CAUSE OF ACTION THAT ARISES FROM OR IS RELATED TO THIS PURCHASE ORDER SHALL BE FILED WITH AND LITIGATED ONLY IN A COURT OF COMPETENT JURISDICTION WITHIN THE STATE AND COUNTY FROM WHICH THIS CONTRACT WAS ISSUED; AND BUYER AND SELLER EACH HEREBY CONSENT AND AGREE TO THE PERSONAL JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE STATE FROM WHICH THIS CONTRACT WAS ISSUED WITH RESPECT TO ANY SUCH CLAIM, DISPUTE OR CAUSE OF ACTION AND WAIVE ANY DEFENSE OR OBJECTION TO THE EXERCISE OF PERSONAL JURISDICTION AND/OR VENUE BY ANY SUCH COURT.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, BUYER AND SELLER EACH WAIVE ANY RIGHTS WHICH EITHER MAY HAVE TO TRIAL BEFORE A JURY OF ANY DISPUTE ARISING FROM, OR RELATED TO, THIS CONTRACT. SELLER AND BUYER FURTHER STIPULATE AND CONSENT THAT ANY SUCH LITIGATION BEFORE A COURT OF COMPETENT JURISDICTION SHALL BE NON-JURY.

(d) Where a FAR provision or clause or any other federal statute regulation or clause, is cited or incorporated in this Purchase Order, federal law shall govern the interpretation and application thereof.

30. COSTS AND ATTORNEY'S FEES

In the event that it becomes necessary for the BUYER to bring suit against the SELLER for the SELLER's breach of any of the conditions or terms of this Purchase Order, either for recovery of monies paid or for damages incurred, the BUYER shall be entitled to receive compensation for reasonable Attorney's fee and its costs and disbursements for said suit.

31. SPECIFICATION CONTROL DRAWINGS

Items procured to Specification Control Drawings shall meet the specific requirements of the drawing. The SELLER shall not modify the manufacturing process, methods or materials after initial acceptance without prior written approval from BUYER.

32. EXPORT RELATED REQUIREMENTS

(A) EXPORT COMPLIANCE. PERFORMANCE OF THIS PURCHASE ORDER IS SUBJECT TO U.S. EXPORT CONTROLS UNDER 22 U.S.C. 2751-2796 (ARMS EXPORT CONTROL ACT), 22 C.F.R. 120-130 (INTERNATIONAL TRAFFIC IN ARMS REGULATIONS "ITAR"), 50 U.S.C. 2401-2420 (EXPORT ADMINISTRATION ACT), 15 C.F.R. 768-799 (EXPORT ADMINISTRATION REGULATIONS "EAR"), REGULATIONS AND ORDERS ADMINISTERED BY THE TREASURY DEPARTMENT, OFFICE OF FOREIGN ASSET CONTROLS ("OFAC"), OR LAWS AND REGULATIONS OF OTHER COUNTRIES COLLECTIVELY ("EXPORT CONTROL LAWS") AND THEIR SUCCESSOR AND SUPPLEMENTAL LAWS AND REGULATIONS (COLLECTIVELY HEREINAFTER REFERRED TO AS THE "EXPORT LAWS AND REGULATIONS"). SELLER SHALL PROVIDE BUYER UPON BUYER'S REASONABLE REQUEST ANY DOCUMENTATION AND OTHER INFORMATION THAT SUPPORTS THE CLASSIFICATION OF GOODS PROVIDED UNDER THIS PURCHASE ORDER.

(B) IF SELLER IS ENGAGED IN THE UNITED STATES IN THE BUSINESS OF EITHER EXPORTING, MANUFACTURING OR BROKERING PRODUCTS SUBJECT TO THE U.S. MUNITIONS LIST (USML) AND THE ITAR, SELLER REPRESENTS THAT IT IS LEGALLY REGISTERED WITH THE DEPARTMENT OF STATE, DIRECTORATE OF DEFENSE TRADE CONTROLS AND THAT IT MAINTAINS AN EFFECTIVE EXPORT/IMPORT COMPLIANCE PROGRAM IN ACCORDANCE WITH THE ITAR.

(C) FOREIGN PERSONNEL. SELLER SHALL NOT PERMIT ACCESS BY ANY FOREIGN PERSON, TO TECHNICAL DATA, INFORMATION OR SOFTWARE THAT IS CONTROLLED BY EXPORT LAWS AND REGULATIONS WITHOUT THE PRIOR WRITTEN CONSENT OF BUYER. ANY REQUEST FOR SUCH CONSENT MUST STATE THE INTENDED RECIPIENT'S CITIZENSHIPS AND NATIONALITY STATUS UNDER 8 U.S.C. 1101 AND 8 U.S.C. 1324 (THE "IMMIGRATION AND NATURALIZATION ACT"), AND SUCH OTHER INFORMATION AS BUYER MAY REASONABLY REQUEST. NO CONSENT GRANTED BY BUYER IN RESPONSE TO SELLER'S REQUEST UNDER THIS PARAGRAPH (B) SHALL RELIEVE IT OF ITS OBLIGATIONS TO COMPLY WITH THE PROVISIONS OF PARAGRAPH (A) OR THE EXPORT LAWS AND REGULATIONS, NOR SHALL ANY SUCH CONSENT CONSTITUTE A WAIVER OF THE REQUIREMENTS OF PARAGRAPH (A), NOR CONSTITUTE CONSENT FOR SELLER TO VIOLATE ANY PROVISION OF THE EXPORT LAWS AND REGULATIONS.

(D) TECHNICAL DATA CONTROL AND LEGEND. SELLER WARRANTS THAT IT WILL CONTROL AND MAINTAIN THE RECEIPT, STORAGE AND DISPOSITION OF ALL ITAR DESIGNATED TECHNICAL DATA OR INFORMATION RECEIVED FROM BUYER, AND WILL OFFICIALLY DESTROY OR RETURN ALL DATA TO BUYER IN THE UNITED STATES UPON FULFILLMENT OF THE PURCHASE ORDER OBLIGATIONS. SELLER SHALL INCLUDE THE FOLLOWING LEGEND IN SOLICITATIONS AND PURCHASE ORDERS/CONTRACTS THAT CONTAIN BUYER PROVIDED ITAR DESIGNATED TECHNICAL DATA AS DEFINED BY THE ITAR:

"WARNING: THESE DATA ARE CONTROLLED FOR EXPORT PURPOSES UNDER THE UNITED STATES INTERNATIONAL TRAFFIC IN ARMS REGULATIONS, 22 CFR PARTS 120-130 (ITAR). UNLESS AN ITAR LICENSE EXCEPTION OR EXEMPTION IS PROPERLY AVAILABLE, THE EXPORT OF THESE DATA FROM THE UNITED STATES REQUIRES AN EXPORT LICENSE OR AUTHORIZATION GRANTED BY THE STATE DEPARTMENT'S DIRECTORATE OF DEFENSE TRADE CONTROLS (DDTC). UNDER THE ITAR, THE DISCLOSURE OF THESE DATA TO A FOREIGN PERSON (I.E.: AN INDIVIDUAL WHO IS NEITHER A U.S. CITIZEN NOR A PERMANENT RESIDENT) IS CONSIDERED AN EXPORT OF THE DATA TO THE FOREIGN PERSONS COUNTRY OF CITIZENSHIP. VIOLATORS OF THESE EXPORT LAWS ARE SUBJECT TO SEVERE CIVIL AND CRIMINAL PENALTIES. RECIPIENT SHALL INCLUDE THIS NOTICE WITH ANY REPRODUCED PORTION OF THIS DOCUMENT."

THE USE OF THIS TECHNICAL DATA OR INFORMATION IN DOCUMENT FORM (OR ANY OTHER MEDIUM), INCLUDING ANY ATTACHMENTS AND EXHIBITS HERETO, IS RESTRICTED BY U.S. LAW AND REGULATIONS. IT MAY NOT BE TRANSFERRED, EXPORTED, RELEASED OR DISCLOSED TO ANY FOREIGN PERSON IN THE UNITED STATES OR ABROAD, EXCEPT AS AUTHORIZED BY THE U.S. DEPARTMENT OF STATE OR THE INTERNATIONAL TRAFFIC IN ARMS

(E) INDEMNIFICATION. SELLER SHALL INDEMNIFY AND HOLD HARMLESS BUYER FROM AND AGAINST ANY AND ALL DAMAGES, LIABILITIES, PENALTIES, FINES, COSTS, AND EXPENSES, INCLUDING ATTORNEYS' FEES, ARISING OUT OF CLAIMS, SUIT, ALLEGATIONS OR CHARGES OF SELLER'S FAILURE TO COMPLY WITH THE PROVISIONS OF THE EXPORT LAWS AND REGULATIONS AND BREACH OF THE REPRESENTATION IN PARAGRAPH (A). ANY FAILURE OF SELLER TO COMPLY WITH THE REQUIREMENTS OR ANY BREACH OF THE REPRESENTATION CONTAINED IN PARAGRAPH (A) SHALL BE A MATERIAL BREACH OF THIS PURCHASE ORDER.

33. FOREIGN CORRUPT PRACTICES ACT (15 U.S.C. §78DD-1, ET SEQ.)

By accepting this Purchase Order, SELLER certifies and represents that it has not made or solicited and will not make or solicit any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any governmental official or any political party, party official or candidate, either directly or through an intermediary, corruptly for the purpose of influencing any official act, omission, or exercise of influence by the recipient, to assist BUYER or SELLER in obtaining or retaining business. SELLER shall also ensure that this clause is a flow-down requirement to all lower tier subcontractors.

34. ENGLISH LANGUAGE REQUIREMENT

All offers, correspondence, and all aspects of the Purchase Order shall be in the English language. The English language shall govern and prevail in implementation and interpretation of all aspects of the Purchase Order and related Purchase Order issues.

35. ENVIRONMENTAL REGULATORY COMPLIANCE

(a) BUYER is committed as a Company Policy and as a management practice to the protection of the environment and the health and safety of its employees. Consistent with that commitment the Company will seek to prevent serious or irreversible environmental

degradation through efficient operations and activities. The Company, in particular, will comply with all applicable environmental laws. SELLER, in furtherance of BUYER's environmental regulatory compliance, commits to complying with all applicable environmental laws and regulations.

(b) Indemnification. SELLER shall indemnify and save harmless BUYER from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorneys' fees, arising out of claims, suit, allegations or charges of SELLER's failure to comply with the provisions of all local, state and federal environmental laws and regulations.

36. INSURANCE

SELLER will maintain, at its sole cost and expense, insurance in such amount and scope as are adequate to cover its obligations and liabilities under this Purchase Order. BUYER, at its option, may require SELLER to furnish evidence of such insurance but no acceptance of such evidence by BUYER shall be deemed a waiver or release of such liabilities or duty to indemnify. SELLER will at all times maintain with reputable insurance companies comprehensive general liability insurance (including coverage for any liability under any BUYER purchase order and these terms and conditions) in the minimum amount of \$2.0 million. At BUYER's request, SELLER will name BUYER as an additional insured under such policy, and will provide to BUYER a certificate of such insurance providing for 10 days' prior written notice to BUYER of cancellation or material change. SELLER will maintain workers' compensation insurance sufficient to cover all of its general and special employees engaged in work pursuant to any BUYER purchase order and insurance against liability for personal injury or death or destruction to property arising out of work in fulfillment of any BUYER purchase order, and will provide prompt evidence to BUYER of such coverage upon BUYER's request.

37. FEDERAL ACQUISITION REGULATION (FAR), DOD FAR SUPPLEMENT (DFARS). When the Goods acquired are for use in connection with a U. S. Government prime contract or subcontract, the following clauses set forth in the FAR and DFARS as in effect on the date of this Purchase Order shall apply as required by the terms of the prime contract or by operation of law or regulation. The effective version of each clause shall be the current version as of the date of this Purchase Order, or the same version as that which appears in the Government prime contract if indicated in the Purchase Order. In the event of a conflict between the FAR and DFARS clauses below and the other clauses of these Purchase Order Terms and Conditions, the FAR or DFARS clauses shall take priority. Where necessary to make the clauses applicable to this Purchase Order, the terms "Contractor," "Contracting Officer" and "Government" shall be revised to suitably identify the contracting parties taking into account their authority limitations set by regulation or law. Any below listed FAR or DFARS clause that does not apply to a particular Purchase Order as indicated by the related FAR or DFARS prescription or the text of the clause, is considered to be self deleting.

(a) Applicable to all Purchase Orders

52.203-3 Gratuities

52.203-10 Price of Fee Adjustment for Illegal or Improper Activity

52.204-2 Security Requirements

52.211-5 Material Requirements

52.211-15 Defense Priority and Allocation Requirements

52.215-10 Price Reduction for Defective Cost or Pricing Data

52.215-11 Price Reduction for Defective Cost or Pricing Data – Modification

52.215-15 Pension Adjustment and Asset Reversions

52.215-18 Reversions or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions

52.215-19 Notification of Ownership Changes

52.215-20 Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data

52.215-21 Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data - Modifications

52.219-8 Utilization of Small Business Concerns

52.222-41 Service Contract Act of 1965

52.222-50 & Alt 1 Combating Trafficking in Persons [Alt 1 is included if in prime contract.]

52.222-54 Employment Eligibility Verification

52.223-3 Hazardous Material Identification and Material Safety Data

52.223-7 Notice of Radioactive Materials

52.223-11 Ozone-Depleting Substances

52.225-1 Buy American Act– Supplies

52.225-3 Buy American Act –Free Trade Agreements – Israeli Trade Act

52.225-5 Trade Agreements

52.225-8 Duty-free Entry

52.225-13 Restrictions on Certain Foreign Purchases

52.227-1 Authorization and Consent

52.227-9 Refund of Royalties

52.227-10 Filing of Patent Applications - Classified Subject Matter

52.227-11 Patent Rights – Ownership by the Contractor

52.227-14 Rights in Data - General

52.229-3 Federal, State, and Local Taxes

52.236-13 Accident Prevention

52.242-13 Bankruptcy

52.242-15 Stop-Work Order

52.243-1 Changes

52.244-5 Competition in Subcontracting

52.244-6 Subcontracts for Commercial Items

52.245-1 Government Property

52.245-1 Alt 1 Government Property

52.245-9 Use and Charges

52.246-2 Inspection of Supplies – Fixed Price

52.246-16 Responsibility For Supplies

52.247-63 Preference for U.S. Flag Air Carriers

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

52.249-2 Termination for Convenience of the Government (Fixed Price)
“Government” shall mean BUYER. In paragraph (d) the term “45 days” is changed to “90 days.” In paragraph (e) the term “one year” is changed to “six months.” In paragraph (l) the term “90 days” is changed to “45 days.”

252.204-7000 Disclosure of Information

252.204-7008 Requirements for Contracts Involving Export-Controlled Items

252-204-7009 Requirements for Contracts Regarding Potential Access to Export-Controlled Items

252-209-7004 Subcontracting with Firms that Are Owned or Controlled by the Government of a Terrorist Country

252-211-7003 Item Identification and Valuation

252.222-7000 Restrictions On Employment of Personnel

252.223-7001 Hazard Warning Labels

252.223-7006 Prohibition on Storage and Disposal of Toxic and Hazardous Materials

252.225-7001 Buy American Act and Balance of Payments Program

252.225-702 Qualifying Country Sources as Subcontractors

252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals

252.225-7010 Commercial Derivative Military Article – Specialty Metals Compliance Certificate (this clause applies to Purchase Orders under prime contracts awarded after July 28, 2009.)

252.225-7012 Preference for Certain Domestic Commodities

252.225-7013 Duty-Free Entry

252.225-7014 (Deviation 2006-O0004) Preference for Domestic Specialty Metals – with Alternate 1 (Deviation 2006-O0004) (These deviations apply to Purchase Orders under prime contracts awarded after November 15, 2006 and before October 26, 2007.)

252.225-7014 (Deviation 2007-O0011) Preference for Domestic Specialty Metals – with Alternate 1 (Deviation 2007-O0011) (These deviations apply to Purchase Orders under prime contracts awarded after October 25, 2007 and before January 29, 2008.)

252.225-7014 (Deviation 2008-O0002) Preference for Domestic Specialty Metals – with Alternate 1 (Deviation 2008-O0002) (These deviations apply to Purchase Orders under prime contracts awarded after January 28, 2008.)

252.225-7015 Restriction on Acquisition of Hand or Measuring Tools

252.225-7016 Restriction on the Acquisition of Ball and Roller Bearings

252.225-7025 Restrictions on Acquisition of Forgings
252.225-7027 Restriction on Contingent Fees for Foreign Military Sales
252.225-7028 Exclusionary Policies and Practices of Foreign Governments
252.225-7030 Restriction on Acquisition of Carbon Alloy and Armor Steel Plate
252.227-7013 Rights in Technical Data - Noncommercial Items
252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
252.227-7015 Technical Data - Commercial Items
252.227-7016 Rights in Bid or Proposal Information
252.227-7017 Identification and Assertion of Use, Release, or Disclosure Restrictions
252.227-7019 Validation of Asserted Restrictions - Computer Software
252.227-7025 Limitations on the Use or Disclosure of Government- Furnished Information Marked with Restrictive Legends
252.227-7026 Deferred Delivery of Technical Data or Computer Software
252.227-7027 Deferred Ordering of Technical Data or Computer Software
252.227-7028 Technical Data or Computer Software Previously Delivered to the Government
252.227-7030 Technical Data - Withholding of Payment
252.227-7037 Validation of Restrictive Markings of Technical Data
252.228-7001 Ground and Flight Risk
252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles and Space Launch Vehicles
252.244-7000 Subcontracts for Commercial Items and Commercial Components
252.246-7001 Warranty of Data
252-246-7003 Notification of Potential Safety Issues
252.247-7024 Notification of Transportation of Supplies by Sea

(b) Applicable to all Purchase Orders over \$10,000

52.222-20 Walsh-Healey Public Contracts Act
52.222-21 Prohibition of Segregated Facilities
52.222-26 Equal Opportunity
52.222-36 Affirmative Action for Workers With Disabilities
52.222-40 Notification of Employee Rights Under the National Labor Relations Act
29 CFR Part 471, Appendix A to Subpart A Notification of Employee Rights Under Federal Labor Laws

(c) Applicable to all Purchase Orders over \$25,000

52.204-10 Reporting Executive Compensation and First Tier Subcontract Awards

(d) Applicable to all Purchase Orders over \$30,000

52.209-6 Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (Applicable to Purchase Orders over \$30,000 other than a Purchase Order for COTS (commercially available off-the-shelf) items as that term is defined in the clause.)
52.223-18 Contractor Policy to Ban Text Messaging While Driving

(e) Applicable to all Purchase Orders over \$100,000

52.203-5 Covenant Against Contingency Fees
52.203-6 Restrictions On Subcontractor Sales to the Government
52.215-2 Audit and Records – Negotiation
52.215-14 Integrity of Unit Prices (excluding paragraph (b))
52.222-4 Contract Work Hours and Safety Standards Act Overtime Compensation

52.222-35 Equal Opportunity for Veterans
52.222-37 Employment Reports Veterans
52.223-14 Toxic Chemical Release Reporting (excluding paragraph (e))
52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
52.248-1 Value Engineering
252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies
252.244-7000 Subcontracts for Commercial Items and Commercial Components
252.247-7023 Transportation of Supplies by Sea
252.249-7002 Notification of Anticipated Contract Termination or Reduction

(f) All Purchase Orders over \$150,000

52.203-7 Anti-Kickback Procedures (excluding paragraph (c)(1))
52.203-12 Limitation on Payment to Influence Certain Federal Transactions

(g) All Purchase orders over \$500,000

252.226-7001 Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns

(h) All Purchase Orders of \$650,000 or Above

52.219-9 Small Business Subcontracting Plan
252.219-7003 Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan (DOD Contracts)
252.225-7006 Quarterly Reporting of Actual Contract Performance Outside the United States

(i) All Purchase Orders of \$700,000 or Above

52.214-26 Audit and Records – Sealed Bidding
52.214-28 Subcontractor Certified Cost or Pricing Data – Modifications – Sealed Bidding
52.215-12 Subcontractor Certified Cost or Pricing Data
52.215-13 Subcontractor Certified Cost or Pricing Data Modifications
52.215-22 Limitations on Pass-Through Charges – Identification of Subcontract Effort (excluding paragraph (c)(1))
52.215-23 & Alt 1 Limitations on Pass-Through Charges
52.230-2 Cost Accounting Practices (excluding paragraph (b))
52.230-3 Disclosure and Consistency of Cost Accounting Practices (excluding paragraph (b))
52.230-6 Administration of Cost Accounting Practices
252.231-7000 Supplemental Cost Principles

(j) All Purchase Orders over \$1,000,000

252.211-7000 Acquisition Streamlining
252.211-7006 Restrictions on the Use of Mandatory Arbitration Agreements

(k) All Purchase Orders over \$5,000,000

52.203-13 Contractor Code of Business Ethics (applicable to Purchase Orders with a performance period longer than 120 days)
52.203-14 Display of Hotline Poster(s)

39. ENTIRE AGREEMENT

This Purchase Order constitutes the entire agreement between BUYER and SELLER and supersedes all communications, representations, or agreements, whether oral or written, between the parties with respect to the subject matter of this Purchase Order.