

1. ACCEPTANCE

This Purchase Order is subject to the terms and conditions set forth herein. No communication between parties hereto, shall be deemed to be part of this Purchase Order, nor shall it have the effect of modifying or adding to same, unless such communication is in writing and is signed by an authorized representative of the Buyer.

2. PERFORMANCE, PRICES, TITLE

A. Time is of the essence hereof. Seller shall notify Buyer immediately of any delays and of any actual or potential labor dispute which is delaying or threatens to delay timely performance of this Purchase Order. Such notice shall include all relevant information with respect to such dispute.

B. Prices, as specified in this Purchase Order are not subject to increase unless specifically authorized by an amendment to this Purchase Order and except as otherwise provided for in this Purchase Order, include all applicable federal, state and local taxes and duties.

C. Unless otherwise provided herein, title to the supplies, shall pass to the Buyer upon acceptance by Buyer of the supplies.

3. PACKING, SHIPPING, DELIVERY

A. All items must be suitably packed and prepared for shipments to secure lowest transportation rates and comply with carrier regulations. No charges will be paid by Buyer for packing, crating or cartage unless stated in the order. Each package must be consecutively numbered and marked to show order number. Package containing packing sheets shall be properly marked.

B. All shipments shall be made to Buyer's plant unless otherwise specified herein.

C. Deliveries shall be strictly in accordance with the schedule specified herein and in exact quantity ordered. If Seller fails to meet delivery schedule Buyer may request Seller to ship via expedited routing necessary to meet schedule and recover time lost. The difference between the expedited costs and routine routing costs shall be paid by Seller.

4. ADVANCE, EXCESSIVE SHIPMENTS

Advance shipments, if retained, will be subject to payment conforming to delivery schedules specified herein. Materials shipped in excess of quantity ordered, if returned, will be returned at Seller's expense.

5. WARRANTY, INSPECTION, REJECTION

A. The Seller warrants for as period of one year following acceptance by the Buyer, that the articles to be furnished herein shall be free from defects in material and workmanship and shall conform to the requirements of this Purchase Order. If material is found defective, Buyer shall have the right to request that the articles be corrected and Seller agrees promptly to comply at it's own cost and expense including transportation charges, if any. In the event Seller does not comply Buyer may effect correction itself, or by others, but at the cost and expense of the Seller and/or may terminate this Purchase Order in accordance with article 7 below, without liability. In lieu of the foregoing, Buyer may, in it's discretion, elect to accept and retain the defective articles at a reduction in price, corresponding to the decreased value.

B. Materials to be used in the performance of Government contracts may be inspected and tested at all reasonable times and places, either before, during or after manufacture by Buyer or by the Government Agency concerned, at the Buyers discretion. If inspected and test are made on the premises of Seller or Seller's subcontractor, Seller shall furnish without additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests required by the inspectors in the performance of their duty. DAR 7-103.5(a) Inspection applies. The reference in paragraph (b) thereof to the "Default" clause shall be deemed to refer to Article 7, paragraph A "Cancellation (default termination)" below.

C. Buyer shall notify Seller if any items delivered hereunder are rejected, and at the Buyer's election and Seller's risk and expense, such items shall be held by Buyer or returned to Seller. No replacement of defective items shall be made by Seller unless agreed to in writing by Buyer.

6. CHANGES

Buyer reserves the right at any time to make changes in delivery schedules, drawings and specifications as to any articles, material and work covered by this Purchase Order. If such changes affect price or delivery schedules, Seller shall notify Buyer immediately, in order that an equitable adjustment in price and/or time of delivery may be negotiated.

7. CANCELLATION (DEFAULT TERMINATION), REPROCUREMENT, INSOLVENCY

A. Buyer may by written notice of default to Seller, terminate this Purchase Order or any part thereof if Seller (1) fails to deliver the articles or perform the services, in accordance with the delivery schedules specified herein, or any extension thereof, or (2) so fails to make progress as to endanger performance of this Purchase Order, or fails to comply with any of the other provisions of this Purchase Order and does not remedy such failures within a period of ten (10) days, or at such longer period as Buyer may authorize in writing after receipt of notice from Buyer, specifying such failure.

B. In the event of termination pursuant to this clause, Buyer may purchase the articles elsewhere and the Seller shall be liable, to the Buyer, for any excess cost of re-procurement to Buyer, and damages, if any, suffered by Buyer provided however, that the Seller shall not be liable for such excess costs and damages, when the delay of Seller in making deliveries is due to causes beyond the control and without the fault or negligence of the Seller. No cause shall constitute a basis for excusable delay, unless Seller has notified Buyer, in writing, of the existence of such cause with ten (10) days from beginning thereof.

C. Buyer may, by written notice, terminate this order in whole or in part for default if, in the Buyer's opinion, Seller is insolvent or in any unsound financial condition so as to endanger performance or Seller files for bankruptcy.

8. TERMINATION FOR CONVENIENCE

This Purchase Order may be terminated by Buyer, in whole or in part, when it is determined that termination is in the best interest of the Buyer. Buyer shall notify Seller, in writing, of Notice of Termination and shall specify the extent to which performance of work under this Purchase Order is terminated and the date upon which such termination becomes effective. After receipt of such Notice of Termination the Seller shall:

(a) Stop work under the Purchase Order on the date and to the extent specified on the Notice of Termination.

(b) Place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portion of the work under the Purchase Order that is not terminated.

(c) Terminate all orders or subcontracts to the extent that they relate to the performance of work terminated.

(d) Assign to the Buyer, in the manner, all the times and to the extent directed by the Buyer, all of the right, title and interest of the Seller under the orders and subcontracts so terminated, in which case the Buyer shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(e) Settle all outstanding liabilities and claims arising out of such termination of orders and subcontracts, with the approval of the Buyer.

(f) Transfer title and deliver to Buyer, in the manner, at the times, and to the extent, if any, directed by the Buyer (a) completed work, work in process, supplies and other material produced or acquired for this Purchase Order, to the extent that they relate to the portion of work terminated and (b) the completed or partially completed, drawings, information and any other property or data which, if the Purchase Order had been required to be furnished to the Buyer.

(g) Use his best efforts to sell any property referred to in (6) above, at prices approved by the Buyer and provided that such proceeds are applied to reduce the termination claim or payments made by Buyer under this Purchase Order, whichever is applicable.

(h) Complete performance of that portion of work, not terminated.

(i) The provisions of this Condition (8) shall not in any matter, limit or affect the right of Buyer, to terminate this Purchase Order for the default of Seller.

(j) Notwithstanding the provisions of said termination clause, any termination claim of Seller shall be submitted to Buyer within three (3) months after the effective date of termination.

9. MATERIALS, TOOLS AND EQUIPMENT

A. Materials, tools and equipment required to fill this Purchase Order shall be furnished by Seller unless otherwise specified. Seller represents that it now has or can readily procure without assistance of Buyer and/or the United States Government, all facilities necessary for the performance of this Purchase Order, except as otherwise provided herein. Any such materials, tools, equipment or facilities furnished to Seller by or on behalf of Buyer or the United States Government on other than a charge basis and/or purchased by Buyer from Seller, for use in connection with performance by Seller herein under, shall be held by Seller as Buyer's or the United States Government's property, as applicable and shall not be used except for the purpose of Seller's performance under this Purchase Order. Seller shall account for all such property except for reasonable scrap losses authorized by Buyer.

B. All of said furnished and/or purchased materials, tools, equipment and facilities so held by Seller, shall be satisfactorily marked, segregated or otherwise clearly identified by Seller as the property of the Buyer or the United States Government, as applicable and shall be kept by Seller in good condition and repair and shall be returned by Seller upon completion of order at Seller's expense, in the same condition as when received by Seller, reasonable wear and tear excepted and except to the extent that any such materials, tools, equipment and facilities has been incorporated in items furnished by Buyer pursuant to this Purchase Order or has been properly consumed in the normal performance of work there under.

C. All aforesaid furnished and/or purchased materials, tools, equipment and facilities, while in Seller's custody and/or control shall be held at Seller's risk and shall be insured by Seller at an amount equal to the replacement cost thereof and all such insurance coverage shall provide that payment on account of loss thereof and/or damage thereto shall be paid to Buyer.

D. In the event that Seller is furnished Government owned property for use in connection with this Purchase Order, Seller shall establish property control procedures in accordance with the provisions of the "Manual of the Control of Government Property in Possession of Contractors" DAR Appendix B, to the revision in effect on the contract date.

10. PATENT INDEMNITY

Except when the articles to be furnished hereunder are to be so produced from designs or processes furnished by Buyer, Seller guarantees that the articles produced hereunder and the sale and use of them, will not infringe upon any United States patent and Seller covenants that it will at its own expense defend every claim and suit which shall be brought against Buyer or against those selling or using Buyer's product for any alleged infringement of any patent by reason of the sale or use of any of said articles and Seller agrees that it will pay all judgments and costs awarded in connection with any said claim and suit and will also reimburse Buyer for any costs or expenses incurred by it in the defense of any said claims and suits.

11. DUPLICATION AND USE OF DESIGNS, PATENTS AND REPRODUCTIONS

No articles furnished hereunder or tools, plans, drawings, and specifications for producing the same, which have been specially designed for or buy Buyer shall be duplicated for others, without the prior written consent of Buyer. All of said plans, drawings, designs, specifications, documents, customer lists, statements of technical or financial data and any papers of any kind delivered to Seller by Buyer (all of which items are hereinafter, in the aggregate, called "Written Data"), shall be held in confidence and shall be used by Seller only for such purpose or purposes and only to such extent as is necessary to permit Seller to perform Seller's obligations to Buyer hereunder and additionally:

(a) All "written data" shall be returned to Buyer forthwith at such time as the product purchased by Buyer hereunder has been delivered to Buyer or required by the provisions hereof to be so delivered or at such time as Seller's performance hereunder has been accepted or rejected or at such time as this Purchase Order is otherwise terminated, whichever time shall first occur, -unless, prior to said time, Seller is in receipt of Buyer's written consent to the contrary.

(b) From and after the time set forth in Clause 1 (a) of this Condition 10, Seller shall not make or permit others to make any further use of any of the "Written Data" unless prior to said time, Seller is in receipt of Buyer's written consent to the contrary; and

(c) Seller shall not take or permit others to take any action which violates or divests Buyer or others of lawful rights in and to any trade secrets or other proprietary Written or Oral Data which have been disclosed to Seller in connection with, or by reason of, the transaction evidence by this Purchase Order.

12. ASSIGNMENTS

No assignment of this Purchase Order or any of the monies due or to become due there under, shall be binding upon Buyer unless Buyer's written consent to said assignment has been obtained.

13. REMEDIES

The remedies herein reserved unto the Buyer shall be cumulative and additional to any other remedies in law or equity. No waiver of a breach of any provision of this Purchase Order shall constitute a waiver of any other breach or of such provision.

14. WARRANTY PRICE

Seller warrants that the prices set forth herein do not exceed those charged by Seller to any other customer purchasing the same items in like or similar quantities under the same circumstances.

15. RIGHT TO SUSPEND OR STOP WORK

Buyer reserves the right to suspend or stop the work, hereunder, in whole or in part by written notice to the Seller for a period not to exceed ninety days. In either such event, Seller shall take all reasonable steps to minimize the incurrence of costs allocable to the work affected., Should such work stoppage or suspension, cause an increase in cost or time required for performance, an equitable adjustment in price or in time of performance or both, shall be made in accordance with Article 6 above, provided Seller furnishes Buyer with written explanatory statements of interim costs incurred upon Buyer's request therefore.

16. NO LIABILITY FOR EXCESSIVE MATERIAL, LABOR OR PRODUCTION COSTS

In order to minimize liability in case "changes" are directed or "Termination for Convenience" occurs, Seller agrees that Buyer will not be responsible for material, labor or production costs or charges that are unrealistic, excessive, or inconsistent with the minimum needs required to meet delivery requirements of this Purchase Order.

17. PAYMENTS

Payments are made subject to final inspection and acceptance. Discounts will be counted from the date of receipt of Seller's shipment or invoice, whichever is later.

18. RIGHT TO DEMAND RETURN OF INTERIM PAYMENTS

Should Buyer, prior to full performance and completion of this Purchase Order, make any payment hereunder for any cause or reason, whether conditionally or unconditionally, any amount or amounts so paid, shall be subject to return with interest, at the option of the Buyer, if this contract is ultimately terminated for default or otherwise not fully performed and completed by Seller in accordance with the terms and provisions hereof.

19. GOVERNING LAW

This Purchase Order shall be governed by, and construed in accordance with, the law of the State of New York.

20. DISPUTES

Seller may litigate any dispute arising hereunder or in connection herewith in a court of competent jurisdiction. Pending settlement or a final judgment Seller shall proceed diligently with the performance hereof according to Buyer's decision and instructions.

21. PRIORITIES

When a priority symbol (DO-A1) appears on the fore page of Purchase Order Seller is required to follow the provisions of DMS-REG.1 and of all other applicable regulations and orders of BDS-A in obtaining controlled materials and other products and materials needed to fulfill this Purchase Order.

22. NOTICES

All notices, statements and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed by registered or certified mail, to the addresses designated herein or to such other addresses designated by notice similarly given:

If to Buyer to:

Address appearing on face of this Purchase Order.

If to Seller to:

Address appearing under Seller's name on the face of this Purchase Order.

23. ADDITIONAL CONDITIONS CONFORMING TO UNITED STATES GOVERNMENT PROCUREMENT REQUIREMENTS**A. Defense Acquisition Regulation Provisions:**

The following clauses set forth or referred to in the Defense Acquisition Regulation in effect on the date of Buyer's Prime Contract are hereby incorporated by reference.

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| 7-103.6 | Title and Risk of Loss |
| 7-103.7 | Payments |
| 7-103.8 | Assignments of Claims |
| 7-103.9 | Additional Bond Security |
| 7-103.14 | Discounts |
| 7-103.15 | Rhodesia and Certain Communist Areas |
| 7-103.16 | Contract Work Hours and Safety Act-Overtime Compensation |
| 7-103.17 | Walsh-Healey Public Contracts Act |
| 7-103.18 | Equal Opportunity Clause |
| 7-103.23 | Notice and Assistance Regarding Patent Infringement |
| 7-103.24 | Responsibility for Inspection |
| 7-103.25 | Commercial Bills of Lading Covering Shipments Under F.O.B. Origin Contracts |
| 7-103.26 | Pricing of Adjustments |
| 7-103.27 | Listing of Employment Openings for Veterans |
| 7-103.28 | Employment of the Handicapped |
| 7-104.3 | Buy American Act |
| 7-104.4 | Notice to the Government of Labor Disputes |
| 7-104.6 | Filing of Patent Applications |
| 7-104.8 | Reporting and Refund of Royalties |
| 7-104.11 | Excess Profits |

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| 7-104.12 | Military Security Requirements |
| 7-104.15 | Examination of Records by Controller General |
| 7-104.18 | Priorities, Allocations, and Allotments |
| 7-104.41 | Audit by Department of Defense |
| 7-104.42 | Subcontractor Cost and Pricing Data |
| 7-104.48 | New Material |
| 7-104.49 | Government Surplus |
| 7-104.93 | Preference For Domestic Specialty (1972 Nov.) |
| 7-104.95 | Preference for United States Air Carrier |

B. 41 CFR 60-250.4 employment of disabled and Vietnam era veterans. Where necessary to make the context of these clauses applicable to this contract, the term "Government" and equivalent phrases shall mean Buyer, the term "Contractor" shall mean the Seller, and the term "Contract" shall mean this contract and the term "Contracting Officer" shall mean, Buyer.

C. Non-Discrimination Clause

In connection with the performance of work under this contract, the Seller undertakes and agrees to comply with Executive Order 11246 and the Equal Employment Opportunity Regulations issued by the President's Committee on Equal Employment Opportunity, the non-discrimination provisions of which are incorporated herein by reference with the same force and effect as if included and set forth in this clause in full.

D. Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled By Socially and Economically Disadvantaged Individuals

Pursuant to Section 8 (d) of the Small Business Act (15 U.S.C. 637 (d)) it is the policy of the Government to enable small business concerns to be considered fairly as subcontractors to contractors performing work or rendering services as prime contractor or subcontractors under Government contracts, and to assure that prime contractors and subcontractors carry out this policy. In conformance with such policies, the clauses found in DAR 1-707.3 and 7-104.20 are incorporated herein by reference and made a part hereof. To make these clauses applicable through all tiers affected, the term "Contractor" shall mean "Seller".

E. Notice to Prospective Subcontractors of Requirement for Certification of Non-segregated Facilities

A Certification of Non-segregated Facilities, as required by the 9 May 1967 order on Elimination of Segregated Facilities by the Secretary of Labor (2 Fed. Reg. 7439, 19 May 1967), must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e. quarterly, semi-annually or annually).