



APPLIED COMPANIES TERMS AND CONDITIONS

This Purchase Order is subject to the following conditions

1. Definitions

As used herein

- a. The term "buyer" shall be the entity named on the face of this purchase order.
- b. The term "seller" shall mean the person, firm or corporation by whom the contract products described in this purchase order are to be furnished. Seller shall be an independent contractor and not an agent of Applied.
- c. The term "products" or "contract products" shall mean the equipment, apparatus, material, components, intermediate assemblies, and products, data and/or services to be furnished by seller in accordance with this purchase order.
- d. The term "this purchase order" shall mean this agreement including these terms and conditions and all applicable documents incorporated by reference herein.
- e. The term "purchasing administrator" shall mean the authorized individual assigned by buyer to act on its behalf in administering this purchase order.

2. Purchase Order

The purchase order number appearing on the title page of this order shall appear on all correspondence, invoices, packaging, documents and each container relating to this purchase order.

3. Order of Precedence

In the event of an inconsistency between provisions of this purchase order the inconsistency shall be resolved by giving precedence in the following order:

- a. Purchase order description schedules.
- b. Purchase order conditions and exhibits thereto.
- c. Specifications and/or drawings.
- d. Other provisions when attached.

4. Acceptance

This purchase order which represents the entire purchase agreement between the buyer as shown on face of this purchase order and addressee hereinafter referred to as seller becomes a binding contract upon the conditions set forth herein by written acknowledgement signed by an authorized representative of seller or commencement of performance by seller. Acceptance is limited to the conditions set forth herein. No change, modification or revision to this purchase order shall be valid and binding unless in writing and signed by the highest authorized representative of buyer whose signature appears on the face of the original purchase order. The express terms of this purchase order supercede and control any course of dealings or usage of trade

5. Governing Law and Compliance with Laws

a. This purchase order shall be construed and interpreted solely in accordance with the laws of the state of California. In the event any part or parts of this purchase order are determined, for any reason, to be unenforceable, such determination shall have no effect on any other parts of this purchase order.

b. Seller shall comply with all applicable U.S. Federal, state, and local laws, U.S. government orders and regulation in performing this purchase order. Seller covenants to save and hold buyer harmless from- and to reimburse buyer for- and any all costs, damages and expenses (including attorney's fees) incurred by buyer as a result of any failure to seller to comply with any such law, order or regulation.

6. Invoices

Mail invoices to the address as shown on the face of this purchase order inclusive of the original and three (3) copies. Note: invoice each shipment separately. Each invoice shall contain this purchase order number and the line item and description of the supplies and/or services being invoiced.

7. Taxes

The purchase order price shall include all taxes except for California sales/ use tax and local taxes. Such taxes shall be a separate invoice item.

8. Payments

Seller shall be paid the prices stated on the face of this purchase order for contract products delivered and accepted. The discount period, if any, and period of payment stated on the title page of this purchase order shall begin on the date of the arrival of the product at the destination specified, plus three (3) days allowance for inspection and/or upon receipt of properly executed bills of lading (or other shipping papers) and invoices, whichever occurs later.

9. Waiver

No waiver of a breach of any provision of this purchase order shall constitute a waiver of any other breach of such provision. Failure of buyer to enforce at

anytime or from time to time, any provision of this purchase order shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

10. Delays in Performance-Default Termination-Late Delivery

a. Time is of the essence in performance of this purchase order. If seller is delayed in his performance, for any reason whatsoever, he shall promptly notify the purchasing administrator of the anticipated duration and causes of the delay, as well as the remedial action to be taken by seller. Subsequently, and additionally, when seller has determined that no further delay exists, seller shall immediately notify the purchasing administrator of such fact and identify any actual delay in the performance of this purchase order. Notification of any delay shall not abridge or otherwise constitute a waiver of any rights under the subcontract.

b. For the purpose of this clause excusable delays are those delays which arise out of causes beyond the control and without the fault or negligence of seller, including but not restricted to acts of God or of the public enemy, quarantine restrictions, strikes, freight embargoes, unusually severe weather or delays of sellers suppliers of his lower-tier suppliers only when arising from causes beyond the control and without the fault or negligence of both seller and such suppliers or lower-tier suppliers, only when the seller could not have obtained the supplies or services from other sources in sufficient time to permit seller to meet the required delivery schedule.

c. Buyer may, by a written order, terminate this purchase order, in whole or in part, for seller's default, if seller:

- 1) Fails to make deliver of the contract products within the time specified elsewhere in this purchase order or any extension thereof granted by buyer, or
- 2) Fails to perform any of the other provisions of this purchase order or so fails to make progress as to endanger performance of this purchase order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days (or such longer period as buyer may authorize in writing) after receipt of notice form buyer specifying such failure, or
- 3) Becomes insolvent or fails to provide additional assurances of financial solvency when it reasonably appears that seller is or will not be financially solvent and additional assurances are requested by buyer.

d. In the event of termination for seller's default under paragraph C. The remedies of buyer shall be as follows:

- 1) Buyer may purchase contract products similar to those terminated, and seller shall be liable to buyer for any excess procurement costs for such similar contract products, payment to be made upon buyer's demand.
- 2) If the seller's default is the result of an excusable delay, or if it is determined that seller was not in default under the provisions of this purchase order, seller shall receive payments in the same manner as if the purchase order had been terminated in accordance with the termination for convenience clause in this purchase order.

e. If this purchase order is terminated as provided in paragraph C of this clause, buyer, in addition to any other rights provided in this clause, may require seller to transfer title and deliver to buyer:

- 1) Any completed contract products
- 2) A complete and current manufacturing data package sufficient to enable buyer to complete or have completed the work hereunder.
- 3) A non-exclusive, royalty-free license and rights under such data and patents, if applicable, to manufacture of have manufactured such contract products to be furnished hereunder.
- 4) Such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing materials") as required to manufacture or have manufactured the contract products to be finished hereinafter; and seller shall, upon direction of buyer, protect and preserve property in possession of seller in which buyer has an interest.

f. If buyer terminates part of the work under this purchase order, seller shall continue performance of this purchase order to the extent not terminated.

g. Payment for completed products delivered to buyer shall be the purchase order line item unit price. Payment for manufacturing material delivered to buyer, and for the protection and preservation of property shall be in an amount agreed upon by buyer and seller, payable under agreed terms.

h. The acceptance of late delivery of contract products under this purchase order shall not be a waiver of buyer's rights to recover any damages incurred by buyer which may be provided for elsewhere in this purchase order.

i. The rights and remedies of buyer provided in this clause shall not be exclusive and are in addition to any other remedies provided by law or under the purchase order. Damages which buyer may incur as a result of seller's late delivery include being assessed liquidated damages by buyer's customer.

11. Termination for Convenience

a. This purchase order may be terminated by buyer in whole or from time to time in part, whenever buyer shall determine that such termination is in the best interest of buyer. Any such determination shall be effected by delivery to seller of a notice to termination specifying the extent to which completion of work under the purchase order is terminated, and the date upon which termination becomes effective.

b. After the receipt of a notice of termination, and except as otherwise directed by buyer, seller shall:

- 1) Stop work under the purchase order on the date and to the extent specified in the notice of termination;
- 2) Place no further or orders with lower-tier suppliers for materials service or facilities, except as may be necessary for completion of such portion of the purchase order as is not terminated;
- 3) Terminate all orders and orders with lower-tier suppliers to the extent that they relate to the performance of work terminated by the notice of termination.
- 4) Transfer title and deliver to buyer, in the manner, at the times, and to the extent, if any, directed by buy : (1) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced in connection with the performance of the work terminated by the notice of termination, (2) any other completed or partially completed property which, if the purchase order had been completed, would have been required to be furnished to buyer;
- (5) Complete performance of such part of the purchase order shall not have been terminated by the notice of termination; and
- (6) Take such action as may be necessary, or as buyer may direct for the protection and preservation of the property related to the purchase order which is in possession of seller and in which buyer has or may acquire an interest.

c. After the receipt of a notice of termination seller shall respond to buyer within 10 days identifying if a termination claim will or will not be filed. If no claim is pending buyer will issue a no cost termination change notice to signify said agreement. If seller claims termination costs buyer will issue appropriate forms and instructions to process said claim. Said claim shall not exceed the remaining unpaid balance of the purchase order price.

d. Subject to the provisions of this clause, seller and buyer shall agree upon the whole or any part of the amount to be paid to seller, or amount to be returned to buyer, by reason of the total or partial termination of work pursuant to this clause. The purchase order shall be amended accordingly, and the agreed amount, determined pursuant to paragraphs e and f below either paid to the seller or returned to buyer.

e. The termination claim submitted by seller shall be based on a summation of the following elements:

- 5) Completed contract products delivered to buyer and not paid for; the amount to be derived from the line item prices specified in the purchase order;
- 6) For those contract products not delivered to buyer, an amount equivalent to the physical percentage of completion of the undelivered contract products, expressed as a rate, time the line item prices specified in the purchase order, appropriately adjusted for savings or freight or other charges;
- 7) Seller's cost of settling and paying claims arising out of the termination of lower-tier supplier contracts;
- 8) Expenses for the protection or disposition of property;
- 9) Expense incurred in the preparation of the termination claim.

In no event shall the termination claim exceed the remaining unpaid balance of the purchase order price.

f. In arriving at the amount of the claim under this clause, there shall be deducted; (1) all unliquidated payments on account theretofore made to seller applicable to the terminated portion of the purchase order, (2) the agreed price for, or the proceeds of sale of, any materials and supplies, acquired by seller in its performance hereof, and not otherwise recovered by or credited to buyer. A negative balance will result in return of overpayment to buyer.

g. If the termination hereunder be partial, prior to the settlement of the termination portion of the purchase order, seller may file with buyer a request in writing for an equitable adjustment of the price or prices specified in the purchase order relating to the continues portion of the purchase order (the portion not terminated by the notice of termination), and such equitable adjustments as may be agreed upon shall be made in such price or prices.

12. Changes

Buyer shall have the right at any time to make changes in the drawing, designs, specifications, quantities, delivery scheduled, method of shipment, packaging or place of inspection acceptance and/or point of delivery of any item in this purchase order, and seller agrees to be bound thereby. No change shall be effective unless authorized in writing by buyer. If such changes result in delay or an increase or decrease in cost to seller, seller shall notify the purchasing administrator immediately and negotiate and equitable adjustment provided however, that seller shall in all event proceed diligently to perform the work or services and supply the items in the same manner contracted for under the purchase order as so changed. No claim by seller for such equitable adjustment shall be valid unless submitted to the purchasing administrator in writing accompanied by the estimate of charges resulting from such change within thirty (30) days from the date of such change.

13. Disputes

a. Notwithstanding any provision herein to the contrary, any dispute which is not disposed of by agreement between buyer and subcontractor may be settled by appropriate legal proceeding. Pending final disposition of any dispute hereunder, subcontractor agrees to proceed diligently with the performance of this subcontract and in accordance with the decision of buyer.

b. The remainder of this clause providing for an indirect right of appeal is applicable solely at buyer discretion. Subcontractor may request and buyer may grant, in writing, that these procedures for an indirect right of appeal shall apply.

1) Any decision made by the contracting officer under the prime contract concerning a question of fact arising out of this subcontract which is not disposed of by agreement, will, if binding upon buyer, be binding upon subcontractor, provided buyer shall have promptly notified subcontractor of such decision, and if requested by subcontractor, buyer shall have appealed such decision in accordance with the "Disputes" clause of the prime contract. Subcontractor agrees to certify all claims in accordance with applicable government regulations.

2) Any decision on such appeal shall be binding upon subcontractor, to the extent it is binding upon buyer. Subcontractor will be permitted to participate fully in such appeal for the purpose of protecting subcontractor's rights, and buyer will not enter into a settlement agreement with the government or take any other actions which would prejudice subcontractor's rights under this clause without subcontractor's consent. Subcontractor agrees to indemnify and hold buyer harmless from all costs and expenses incurred by Applied Companies in prosecuting any such appeal initiated by buyer at subcontractor and shall not be reimbursable of otherwise compensable as a cost under this subcontract.

14. Assignment

Assignment of performance on this purchase order or any interest herein without the written consent of purchasing administrator of buyer shall be void. Should buyer approve any assignment hereunder, in no event shall copies of this purchase order or of any plans, specifications, or other similar documents relating to work under this purchase order if marked "top secret", "secret" or "confidential" be furnished to any assignee of any claim arising under this purchase order or to any other person not entitled to receive same; provided that a copy of any part of this purchase order so marked, may be furnished, or any information contained therein may be disclosed to such assignee with the prior written authorization of the buyer.

15. Financial Responsibility

a. Seller shall. Prior to commencing work under this purchase order furnish such financial data and related information as may be required by buyer to permit a determination of financial capability and financial responsibility under this purchase order.

b. Seller shall, at no increase in purchase order price, during this progress of work under this purchase order, promptly submit interim financial data as may be requested by buyer to determine continuing financial capability and responsibility.

c. If seller's financial capability and responsibility are determined to be such as may jeopardize performance hereunder, buyer shall have the right to request, and seller shall promptly deliver, at no increase in purchase order price, a complete and current manufacturing data package sufficient to enable buyer to complete or have completed the work hereunder. Upon such request by buyer, seller thereby grants to but a non-exclusive royalty-free license and right under such data, and patents, if applicable, to manufacture or have manufactured the contract products to be furnished hereunder. Buyer agrees that, so long as seller is not in default, buyer will not use the drawings for such manufacture. Upon completion and acceptance by buyer of the work required to be performed hereunder, buyer shall redeliver to seller such manufacturing data package.

16. Advertising

Seller shall not without first obtaining the written consent of the purchasing administrator, in any manner advertise or publicize the fact that seller has furnished or contracted to furnish buyer with the articles or services herein mentioned or disclose any of the details connected with this purchase order to any third party except as herein specified and except as may be required to perform this purchase order.

17. Quality Program and Inspection

a. The seller shall provide and maintain a quality program acceptable to buyer for supplies and services covered by this purchase order. The quality program shall be in accordance with the edition of military specification MIL-Q-9858, MIL-I-45208, or equivalent in effect on the date of this purchase order, as identified on the face of this purchase order.

b. Seller shall permit buyer's inspectors and inspectors of the government and/or buyer's customer to have access to seller's plant at all reasonable hours for the purpose of inspecting any items covered by this purchase order or work in process for production of said items. Seller, without additional cost to buyer, shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of inspections, seller shall make available to the inspectors copies of all drawings, specifications and processes, preservation and packaging data applicable to the articles ordered herein. Seller shall promptly furnish to buyer an inspection certificate. Unless otherwise specified, all supplies will be subject to final inspection and acceptance by buyer at buyer's plant or at designated location(s) as shown on the face of this purchase order, notwithstanding any prior payment or inspection and acceptance. Buyer may, at its option;

- 1) Hold the rejected items for seller's instructions and at seller's risk;
- 2) Return them to seller at seller's expense and require their correction;
- 3) Retain said supplies and make such expenditures for improvements, changes and alterations to said supplies as it may deem necessary in order to bring them into conformity with the contract requirements at seller's expense and the contract price shall be reduced accordingly, or if payment has already been made, seller shall promptly reimburse buyer for any such expenditures; and/or
- 4) Terminate this order for default in which case seller shall promptly reimburse buyer for any and all damages sustained by buyer as a result of said failure of contract requirements.

Recovery of damages shall be in accordance with default provisions herein. Buyer may charge to seller any and all costs of inspection and test when supplies tendered for final inspection and acceptance do not comply with the requirements of this purchase order. No replacement or correction of rejected supplies shall be made unless otherwise specified on buyer's return materials orders. All rejects will be charged back at full billing price plus the cost of inbound freight and handling. No item rejected by buyer will be resubmitted for acceptance by seller without prior written consent of purchasing administrator. If such consent is given by buyer, the submitted items must be designated as having been previously rejected. Subject to warranties provision contained herein, acceptance by the buyer will be considered conclusive except for latent defects, fraud or such gross mistakes as amount to fraud.

18. Title and Risk of Loss

Unless otherwise specified, title to and risk of loss or damage to conforming contract products shall pass to buyer upon delivery at destination. Notwithstanding the preceding provisions of this clause, title to and risk of loss or damage to contract products which so fail to conform to the purchase order as to give a right of rejection, shall remain with seller until cure or final acceptance.

19. Liens

All supplies or services to be delivered by seller hereunder and all property to be returned to buyer shall be free and clear of any and all liens and encumbrances.

20. Channels of Communication

Formal interface between seller and buyer shall be through the cognizant buyer purchasing administrator. Buyer engineering and technical personnel may, from time to time, render assistance or give technical advice to or effect

an exchange of information with, seller's personnel in a liaison effort concerning the contract products to be furnished hereunder or the provisions of this purchase order unless it is incorporated as a change, pursuant to the "changes" clause of these general provisions, and as issued by the purchasing administrator.

21. Buyer furnished/Loaned Property/ Material

Seller assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to buyer-furnished property which buyer may transfer to the possession and control of seller, and seller shall return all buyer-furnished property to buyer in as good condition as when received, except for reasonable wear and tear or for the utilization of the property in accordance with provisions of this purchase order. It is further agreed:

- a. Title to all buyer-furnished property shall remain in buyer and/or its customer
- b. Seller shall immediately discharge any lien, other than buyer or buyer's customers that may arise on buyer-furnished property.
- c. Seller shall maintain adequate control over buyer-furnished property on its books and records.
- d. Seller, as directed by buyer, shall clearly identify by marking or segregating, all such buyer-furnished property.
- e. Seller agrees to insure, and keep insured, all buyer-furnished property until it is delivered to buyer. Such insurance shall be in an amount as directed by buyer, which in no event shall exceed fair market value of buyer-furnished property, and said insurance policies shall be delivered in duplicate to buyer and shall provide that all losses there under shall be paid to buyer. Such insurance shall be in a form satisfactory to buyer and failure to furnish such insurance policy or policies shall constitute failure to perform a provision of this purchase order.
- f. Seller agrees to indemnify and save buyer harmless from any loss or damage to buyer-furnished property from any and all causes, including but not limited to acts of seller or its employees, theft, transportation hazards, vandalism, fire, wind, water and lightning while in seller's possession.

22. Warranty

a. The warranty period for the contract products delivered under this purchase order shall be 12 months starting from the date of formal acceptance of goods by buyer's agent. Seller warrants that the contract products shall be new, the best suited of their respective kinds and manufactured or constructed in accordance with the plans, specifications, rules and regulations referred to and all requirements of this purchase order. Seller also warrants that the contract products shall be so manufactured or constructed as to operate satisfactory as specified and shall be delivered on time as required by this purchase order. Notwithstanding any inspection (and failure to reject) or acceptance of the contract products by buyer or its customer(s), if at any time after delivery of the contract products to buyer or its customer, and prior to the expiration of the warranty period, any weakness, deficiency, failure, break down or deterioration in workmanship or material furnished by seller shall appear or be discovered, or if it is found in any way not in accordance with this purchase order, buyer shall have the option (1) to require seller to promptly replace or correct the defective contract products in place and at no expense to buyer, or (2) to replace or correct the defective products by contract or otherwise and charge seller with all expenses thereof incurred by buyer as a result of seller's breach. Whenever practical, seller shall be given an opportunity to inspect defective contract products before the defects are remedied.

b. In the event of rejection by buyer or government of the contract products, buyer, if time permits, may as is option allow seller to furnish such technicians and perform such tests as necessary to prove the contract products are not defective within the meaning of this clause, all at seller's expense. Seller shall indemnify buyer for all costs of any nature incurred by buyer as a result of or in connections with seller's defective contract products. Any contract products corrected or furnished as replacements pursuant to this clause shall also be subject to all provisions initially delivered. The rights and remedies of buyer provided in this clause are in addition to, and do not limit, any rights afforded by buyer under any other clause of this purchase order by law.

c. If there is repeated malfunction of any component part, subassembly, assembly or deliverable hardware during the warranty period which shows that such deliverable item does not perform as specified in the purchase order and if the seller has been given the opportunity at its option to repair, adjust or replace all or part of thereof, buyer may refuse delivery of all or part of the equipment or installation thereof not meeting the specification and demand delivery of new equipment or facilities and its installation under the purchase order conditions and at no additional cost to buyer, or to terminate for default that portion of the contract products which may remain to be delivered.

23. Gratuities

a. Buyer may, by written notice to the seller, terminate the right of the seller to proceed under this purchase order if it is found that gratuities were offered or given by the seller or any agent or representative of the seller to any employee or official of buyer or the government with a view toward securing purchase order or favorable treatment with respect to the awarding

or amending, or the making of any determinations with respect to the performing of such purchase order.

b. In the event this purchase order is terminated as provided herein, buyer shall be entitled (1) to pursue the same remedies against the seller as it could pursue in the event of a breach of purchase order by the seller, and (2) to impose upon the seller a penalty which shall not be less than three times (as determined by buyer) the costs incurred by the seller in providing any such gratuities to any such official.

c. The rights and remedies of buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this purchase order.

24. Patent Rights

Seller hereby agrees to grant to buyer an irrevocable, nonexclusive royalty free license to make, use and sell any invention conceived or first actually reduced to practice under this purchase order.

25. Notice and Assistance- Patent and Copyright Infringement

The seller shall report to the buyer promptly and in written detail each notice or claim of patent or copyright infringement based on the performance of this purchase order of which the seller has knowledge. In the event of any claim or suit against the buyer on account of alleged patent or copyright infringement arising out of the performance of this purchase order or out of the use of any supplies furnished or work or services performed hereunder, the seller shall furnish to the buyer all evidence and information in possession of the seller pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of the buyer except when the seller has agreed to indemnify the buyer.

26. Stop Work Order

a. Buyer may, at any time, by written order to the seller, require the seller to stop all, or any part, of the work called for by this purchase order for a period as specified by purchase order change notice after the order is delivered to the seller. Any such order shall be specifically identified as a stop work order issued pursuant to this clause. Upon receipt of such an order, the seller shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) days after a stop work is delivered to the seller, or within any extension of that period to which the parties shall have agreed buyer shall either:

1) Cancel the stop work order, or

2) Terminate the work covered by such order as provided in the "delays in performance-default termination-late delivery" or the "termination for convenience" clauses for this purchase order.

b. If a stop work order issued under this clause is cancelled or the period of the order or any extension thereof expire, the seller shall resume work. An equitable adjustment shall be made in the delivery schedule of purchase order price, or both, and the purchase order shall be modified in writing accordingly, if:

1) The stop work order results in an increase in the time required for, or in seller's cost properly allocable to the performance of any part of this purchase order, and

2) The seller asserts a claim for such adjustment within thirty (30) days after the end of the period of work stoppage; provided that, if buyer decides the facts justify such action, it may receive and act upon any such claim asserted at any time prior to final payment under this purchase order.

c. If a stop work order is not cancelled and the work covered by such order is terminated for the convenience of buyer, the reasonable costs resulting from the stop work order shall be allowed in arriving at the termination settlement.

d. If a stop work order is not cancelled and the work covered by such order is terminated for default, the reasonable costs resulting from the stop work order shall be allowed by equitable adjustment.

27. Delivery – Advance Manufacture or Procurement

Time is of the essence in the performance of this purchase order. Seller shall not, without prior written consent of the purchasing administrator, manufacture or procure material in advance of seller's normal material flow time or delivery in advance of schedule. Buyer may accept or return at seller's expense items received in advance of the required delivery schedule as specified on the face of this purchase order. In the event of termination or change no claim will be allowed for any such manufacturing or procurement in advance of such normal flow time unless there has been such prior written consent by the purchasing administrator.

28. Indemnification and Insurance

Seller shall indemnify and hold harmless from and against all suits, liabilities, losses, damages, claims, causes of action and expenses (including attorney's fees) arising out of or connected with any act or omission of seller, its agents, employees or subcontractors, excepting only such injury or damage due solely and directly to buyer's negligence. If seller's agents, employees, or subcontractors enter upon premises occupied by or under the control of buyer or any of its customers or suppliers in the course of performance of this purchase order, seller shall take all necessary precautions to prevent the occurrences of any injury to any person or any damage to any property or buyer arising out of any acts or omission of seller's agents,

employees or subcontractors. Seller shall maintain such public liability, property damage insurance, and workers' compensation as will protect buyer from any of said risks and from any claim under any applicable workers' compensation acts. Buyer reserves the right to establish the limits of insurance coverage applicable to this purchase order and to require seller to secure and maintain said coverage. Upon request of buyer, seller shall furnish buyer certificates of such insurance which will provide that at least (10) day's prior notice, in writing, shall be given to buyer of cancellation or reduction in coverage.

29. Patent Indemnity

To the extent that the items covered by this purchase order are manufactured pursuant to designs not originated by buyer, seller shall indemnify and save buyer, its agents and customers harmless from any expense, cost, loss, damage or liability for infringement or alleged infringement of any patent or copyright arising out of the manufacture, use or sale of such items. Seller agrees at its own expense to defend or assist in the defense of, at buyer's option, any action in which such infringement is alleged.

30. Patent License Rights

No licenses under any patent expressed or implied, owned by buyer, or any associated company, are granted to seller except as expressly provided in writing in this purchase order and then only to extent necessary to perform this purchase order.

31. Government Contracts

This purchase order is subject to all applicable federal laws and regulations. If this purchase order is issued under a U.S. government contract, in addition to the previous contract clauses, the following provisions of the Federal Acquisition Regulation (FAR) and DOD FAR Supplement in effect.

15.801	Definitions
52.203-1	Officials Not to Benefit
52.203-3	Gratuities
52.203-5	Covenant Against Contingent Fees
52.203-6	Restrictions on Subcontract Sales to the Government
52.203-7	Anti-Kickback Procedures
52.204-2	Security Requirements
52.208-1	Required Sources for Jewel Bearings and Related Items
52.210-5	New Material
52.210-6	Listing of Used or Reconditioned Material, Residual Inventory and Former Government Surplus Property
52.210-7	Used or Reconditioned Material, Residual Inventory, and Former Government Surplus Property
52.212-8	Defense Priority and Allocation Requirements
52.212-9	Variation in Quality
52.212-10	Delivery of Excess Quantities of \$100 or less
52.215-1	Examination of Records by Controller General
52.215-2	Audit-Negotiation
52.215-23	Price Reduction for Defective Cost or Pricing Data (Applicable to Order and Modifications in Excess of \$100,000.00 Except as Provided in FAR 15.804.8 (a))
52.215-24	Price Reduction for Defective Cost or Pricing Data- Modifications (Applicable to Order and Modifications in Excess of \$100,000.00 Except as Provided in FAR 15.804.8 (b))
52.215-25	Subcontractor Cost or Pricing Data (Applicable to Order and Modifications in Excess of \$100,000.00 Except as Provided in FAR 15.804.8 (c))
52.215-25	Subcontractor Cost or Pricing Data (Applicable to Order and Modifications in Excess of \$100,000.00 Except as Provided in FAR 15.804.8 (d))
52.219-8	Utilization of Small Business Concerns and Small Disadvantaged Business Concerns
52.219-9	Small Business and Small Disadvantaged Business Subcontracting Plan (Applicable on/to Orders with Large Businesses Which Exceed \$500,000.00)
52.219-13	Utilization of Women-Owned Businesses
52.220-3	Utilization of Labor Surplus Area Concerns
52.220-4	Labor Surplus Area Subcontracting Program (Applicable to Orders Which Exceed \$500,000.00)
52.222-1	Notice to the Government of Labor Disputes
52.222-3	Convict Labor
52.222-4	Contract Work Hours and Safety Standards Act-Overtime Compensation
52.222-20	Walsh-Healey Public Contract Act
52.222-26	Equal Opportunity
52.222-28	Equal Opportunity Pre-Award Clearance of Subcontracts (Government Clearance of This Order is Required Only if it Will Exceed \$1 Million)
52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans
52.222-36	Affirmative Action for Handicapped Workers
52.223-2	Clean Air and Water (Applicable to Orders Which Exceed \$100,000.00)
52.223-3	Hazardous Material Identification and Material Safety Data
52.224-2	Privacy Act
52.225-1	Buy American Certificate
52.225-10	Duty-Free Entry
52.225-11	Certain Communist Areas
52.227-1	Authorization and Consent (Seller Shall be Entitled to the Full Benefit of the Authorization and Consent Clause, if any contained in the Prime Contract as is referenced on this Purchase Order)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.227-3	Patent Indemnity (Applicable if in the Buyer's Contract Under Which this Purchase Order is Placed)
52.227-6	Royalty Information (Applicable Where Royalties Total More Than \$250,000.00)
52.227-9	Refund of Royalties
52.227-11	Patent Rights – Retention by the Contractor (Short Form)
52.227-12	Patent Rights – Retention by the Contractor (Long Form)
52.227-13	Patent Rights – Acquisition by the Government (The Patent Rights Clause, if any, Contained in the Prime Contract as is Referenced in this Purchase Order Shall Apply)
52.227-14	Rights in Data - General

52.228-5	Insurance – Work on a Government Installation
52.229-3	Federal, State and Local Taxes
52.230-3	Cost Accounting Standards (This clause applies only if referenced elsewhere in the purchase order or modification thereto.)
52.230-4	Administration of Cost Accounting Standards
52.230-5	Disclosure and Consistency of Cost Accounting Practices (This clause applies only if referenced elsewhere in this purchase order)
52.232-11	Extras
52.244-1	Subcontracts (Fixed-Price Contracts)
52.244-5	Competition in Subcontracting
52.245-2	Government Property (Fixed-Price Contracts)
52.245-17	Special Tooling
52.245-18	Special Test Equipment
52.245-19	Government Property Furnished “As Is”
52.246-1	Contractor Inspection Requirements
52.246-23	Limitation of Liability
52.246-25	Limitation of Liability- Services
52.247-63	Preference for U.S. Flag Carriers
52.248-1	Value Engineering (Applicable to Orders Which Exceed \$100,000.00)
DOD FAR Supplement	
252.203-7001	Special Prohibition on Employment
252.223-7000	Notice of Radioactive Material
252.225-7011	Preference for Domestic Specialty Metal
252.225-7014	Duty Free Entry- Additional Provisions
252.227-7013	Rights in Technical Data and Computer Software
252.227-7018	Restrictive Markings on Technical Data
252.227-7019	Identification of Restricted Rights Computer Software
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	Requirements for Technical Data Representation
252.227-7029	Identification of Technical Data
252.227-7030	Technical Data – Withholding of Payment
252.227-7031	Data Requirements
252.227-7033	Rights in Shop Drawings
252.227-7036	Certification of Technical Data Conformity
252.227-7037	Validation of Restrictive Markings on Technical Data
252.232-7007	Progress Payments (Alternate 1 if Small Business Concern)
252.235-7002	Recovery of Nonrecurring Costs on Commercial Sales (Applicable to Orders in Excess of \$1 Million)
252.235-7004	Frequency of Authorization
252.243-7001	Pricing of Adjustments
252.246-7001	Warranty of Data
252.247-7203	Ocean Transportation of Government- Owned Supplies (Applies to Orders in Excess of \$25,000.00)
252.271-7001	Recovery of Nonrecurring Costs on Commercial Sales of Defense Products and Technology and Royalty Fees for use of DOD Technical Data (Applicable only to RDT&E or Production Orders in Excess of \$1 Million)

As used herein and as necessary to make the context applicable to this purchase order, shall mean seller; the terms “contract” shall mean this purchase order and “subcontract” means seller’s purchase order or subcontract issued under this purchase order; the terms “the government” and “contracting officer” or equivalent phrases shall mean the buyer and his authorized representative except under those clauses relating to rights to audit or examine seller’s financial records in which case the terms “the government” and the “contracting officer” shall mean the U. S government and the contracting officer under the prime contract.