



PURCHASE ORDER TERMS & CONDITIONS

Rev. k (12/02)

1. **DEFINITIONS** - The following definitions shall apply to this Order except as otherwise herein provided. FAR/DFARS clauses shall be those in effect on the date of issuance of this Order unless otherwise stated in the body of the Order.

"Buyer" - the legal entity issuing this Order.
"Contract" - this contractual instrument, including changes.
"Contracting Officer" - the Government contracting officer(s) for the prime contract, or authorized representative.
"DFARS" - Department of Defense, Federal Acquisition Regulation Supplement.
"FAR" - Federal Acquisition Regulation.
"Government" - the Government of the United States.
"Prime Contract" - the Government contract under which this Order is issued.
"Purchasing Representative" - Buyer's authorized representative.
"Seller" - the legal entity which contracts with the Buyer.
"Subcontractor" - the Seller's subcontractors.
"This Order" - this contractual instrument, including changes.
2. **ACCEPTANCE OF PURCHASE ORDER** - Buyer & Seller shall be bound by this order when Seller:
 - (a) executes & returns the acknowledgment;
 - (b) commences work pursuant to this order;
 - (c) delivers to Buyer any one of the items ordered; or
 - (d) renders for Buyer any of the services ordered herein. No term or condition of this order may be added to, modified, superseded, or altered except by a written instrument signed by an authorized purchasing representative of Buyer & delivered by Buyer to Seller. Except as this order is so changed, each item or service received, accepted and/or paid for by Buyer shall be only upon the terms, & conditions in this order notwithstanding any restriction, term or condition of Seller in acknowledging this order or which may be contained in any form letter or other communication of Seller relating to this order before, after or concurrently with Seller's acknowledgment. The Seller shall not assign this order in whole or in part. Any monies due or to become due hereunder may be assigned provided that such assignment shall not be binding upon Buyer until receipt of a copy of the assignment agreement is acknowledged & approved by the Buyer in writing.
3. **PACKING & SHIPPING**
 - (a) Seller shall ship only as specified herein, or as subsequently directed in writing, & in the strict conformity with the governing tariff rules & regulations;
 - (b) Seller shall pack or otherwise prepare all goods to meet carrier requirements & safeguard against damage from weather & transportation;
 - (c) No charges shall be allowed for packing or cartage unless specifically noted herein;
 - (d) Unless otherwise agreed upon in writing by Buyer, goods must be shipped prepaid at Seller's expense; &
 - (e) Each package shall be marked to show Purchase Order number & include a packing sheet in each package.
4. **PUBLIC RELEASES** - Except as required by law or regulation, no news releases, public announcement or advertising material concerned with this order shall be issued by Seller without prior written consent of Buyer. Seller shall extend this restriction to lower-tier subcontractors involved in the performance of this order.
5. **DELIVERY, & RISK OF LOSS** - Buyer's production schedules & warranties to its customers are dependent upon the agreement that deliveries of the goods covered by this Purchase Order will occur on the required delivery dates shown on the face hereof. Therefore, time is of the essence. Seller shall be responsible for all damages of any kind incurred or suffered by Buyer which were caused by any delay of Seller in making deliveries of acceptable supplies. Seller agrees to notify Buyer immediately if at any time it appears that Seller may not meet the delivery schedule. Such notification shall include the reasons for the delay, actual or potential, the steps being taken to remedy the constraint & the schedule or a waiver of the delivery schedule in the Purchase Order. Any assistance furnished by Buyer to overcome delays shall not be regarded as waiving Buyer's remedies for default, including termination rights, if Seller fails to meet the contractual schedule. Unauthorized advance shipments & shipments other than for the quantity ordered are returnable at Seller's expense. Identification of the goods under Section 2-501 of the Uniform Commercial Code shall occur at the moment Seller accepts this Purchase Order. Seller shall not be excused from performing its obligations hereunder if the goods identified are destroyed. Delivery shall not be deemed complete until the goods have been actually received by Buyer at its facility. The risk of loss & damage in transit shall be upon Seller & shall not pass to Buyer until received at Buyer's facility in a condition in accordance with the terms of this Purchase Order. The cost of all return shipments shall be borne by Seller.
6. **WAIVER** - The failure of Buyer in any one or more instances to enforce any of its rights or to insist upon performance of any of the terms or conditions of this Purchase Order, or failure of the Seller to perform any provision of the order, shall not be construed as waiving any of the terms & conditions of this Purchase Order or any of Buyer's rights or remedies.
7. **CHOICE OF LAW** - Irrespective of the place of performance, this order will be construed & interpreted according to the federal common law of government contracts as enunciated & applied by federal judicial bodies, boards of contract appeals, & quasijudicial agencies of the federal government. To the extent that the federal common law of government contract is not dispositive, the Governing laws of the State of California with the place venue Los Angeles, CA, shall apply without regard to its choice of law provisions.
8. **WARRANTIES** - All warranties of Seller, whether created expressly by law or in fact, are incorporated herein by reference & shall include, & are supplemented by, the following express warranties:
 - (a) The goods shall comply with any & all specifications, drawings, samples, or other descriptions furnished by Buyer;
 - (b) The goods shall be merchantable, of good material & workmanship, free from defect, & suitable for their intended purpose;
 - (c) Except in the case of goods for which Buyer furnishes detailed manufacturing drawings, the manufacture & sale by Seller of the goods, the use, resale, installation, & use of the goods by Buyer, & disclosures by Seller to Buyer in any manner shall not infringe upon or violate the legal or equitable rights of any person, corporation or partnership arising out of any license or franchise, or out of any patent, trademark, or other proprietary right, now or hereafter in effect. All obligations of Seller hereunder shall survive acceptance of & payment for the goods. Seller shall indemnify & hold harmless Buyer from and against all liability, loss, consequential & incidental damages, & expenses resulting from the breach of any warranty or resulting from any other act or omission by Seller, its agents or employees, while in the performance hereof.
9. **ACCEPTANCE** - Payment for any goods under this order shall not constitute acceptance thereof. All goods hereunder are subject to inspection at Buyer destination either before or after payment or before or after acceptance, at Buyer's option. Buyer reserves the right to reject & refuse acceptance of goods which are not in accordance with the instructions, specifications, drawings, & data or Seller warranties (expressed or implied.) Goods not accepted will be returned to Seller for full credit or replacement at Buyer's option & at Seller's risk & expense, including transportation charges both ways. No replacement of rejected goods shall be made unless specified by Buyer in writing. Acceptance of all or any part of the goods shall not be deemed to be a waiver of Buyer's right either to cancel or return all or any portion of the goods because of failure to conform to this order, or by reason of defect, patent or latent, or other breach of warranty, or to make claim for damages, including manufacturing costs, damage to material or articles caused by improper boxing, crating, or packing, & loss of profits or other special damages occasioned the Buyer. Such rights shall be in addition to any other remedies provided by law.
10. **INSPECTION** - Buyer reserves the right to inspect all goods prior to shipment by Seller, & in furtherance thereof, Seller shall permit employees or representatives of Buyer & Buyer's customer to have access to Seller's facilities at all reasonable hours. All goods shall nevertheless be received subject to final inspection & approval or rejection by Buyer after delivery at destination, notwithstanding payment, passage of title, or prior inspection or test of items at seller's facility. Buyer's inspection, or its lack of inspection, shall not affect any express or implied warranties. If the face of this Purchase Order stipulates that the goods shall be subject to inspection at Seller's facilities, Seller shall provide reasonable space & assistance for the safety & convenience of representatives of Buyer & its customer. At the time of inspection Seller shall make available to such representatives copies of all drawings, specifications & other technical data applicable to the goods ordered.
11. **DRAWINGS, SPECIFICATIONS & TECHNICAL INFORMATION** - Drawings, data, designs, inventions, & other technical information supplied by Buyer shall remain Buyer's property & shall be held in confidence by Seller. Such information shall not be reproduced, used and/or disclosed to others by Seller without Buyer's prior written consent & shall be returned to Buyer upon completion of this Purchase Order or upon demand. Any information which Seller may disclose covered by this Purchase Order shall be deemed to have been disclosed as part of the consideration of this Purchase Order & Seller shall not assert a claim (other than a claim for patent infringement) against the Buyer by reason of Buyer's use thereof. Seller, if required as part of its performance hereunder, shall, on or before delivery of any goods, supply any & all printed materials, such as catalogs, drawings, cuts, certified prints, characteristic curves, parts lists, service & technical manuals, & diagrams relating to such goods. The failure of Seller to deliver the foregoing printed material shall constitute a basis for nonpayment of the price of the goods until delivery is made. All such printed materials supplied by, or specifically prepared at the request of Buyer, shall at all times be & remain the property of Buyer & shall be delivered to Buyer on demand. Provided, however, Seller may use such drawings, data, designs, & other technical information to produce items for direct sale to the U.S. Government where the U.S. Government has the right to use the technical information required to produce such items.
12. **PATENT INDEMNITY** - The Seller agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against Buyer, or any of its subsidiaries, constituent companies, agents, or vendors, hereinafter for the purpose of this section collectively referred to as the "Buyer," for alleged infringement of any U.S. or foreign patent, copyright or trademark, as well as for the alleged unfair competition resulting from similarity in design, trademark or appearance of goods, by reason of the use or sale of any goods or processes furnished by the seller, except for goods manufactured or processes developed entirely to Buyer's specifications. The Seller further agrees to indemnify Buyer against any & all losses & damages, including court costs & attorney's fees, resulting from the bringing of such suit or proceeding, including any settlement, decree of judgment entered therein. The Buyer may be represented by & actively participate through its own counsel in any such suit or proceeding, if it so desires. The Seller's obligation hereunder shall survive acceptance of the goods or processes & payment therefor by the Buyer.
13. **PATENT & PROPRIETARY RIGHTS** - All technical information in the nature of designs, blueprints, specifications, engineering data for production or production know-how which is supplied to the Seller by the Buyer to facilitate or assist in the performance of this order shall, unless otherwise agreed, be considered & kept confidential by the Seller, & the Seller will use & cause its employees & agents to use extreme caution not to disclose any such information either directly or by incorporation in, or its use in manufacturing, products for others. Additionally, Seller agrees to assign to the Buyer & not otherwise to make use of any invention, improvement or discovery (whether or not patentable) conceived or reduced to practice in the performance of this order by any employee of the Seller or other person working under Seller's direction, & such assignment shall be considered as additional consideration for the making of this

order. The Seller shall deliver to the Buyer any & all information relating to any such invention, improvement or discovery, & shall cause employees or others subject to Seller's instructions to sign as appropriate all documents necessary or convenient to enable the Buyer to file applications for patents throughout the world & to obtain title thereto.

14. **BUYER-OWNED MATERIALS**

(a) All materials, tools, designs, dies, fixtures, drawings, specifications & other property, method or processes owned or paid for or agreed to be paid for by Buyer, whether directly noted on the face of this order or included by Seller in unit price of goods, shall be property of Buyer subject to removal at any time without cause or expense to Buyer. All such materials, etc., shall be identified & marked by Seller as Buyer property, used only for Buyer orders, unless otherwise authorized by Buyer or the Government, treated as confidential material & covered by Seller, at Seller expense, by adequate liability, damage, & fire insurance for the replacement cost thereof. Seller shall assume all risk of loss or damage to such property, maintain & repair the same, & return or turn over the same to Buyer in good condition, reasonable wear & tear excepted, upon the completion, cancellation, or termination of this order, but Buyer shall have the right to require delivery of any such cancellation or termination of this order, but Buyer shall have the right to require delivery of any such property prior to completion of this order or final payment. Seller is to provide Buyer with inventories of all such property as Buyer may request. Where any part or product is specifically manufactured or procured for the purpose of this order, whether of the design of Seller, Buyer, or a third party, such part or product cannot be sold by the Seller to any third party without written consent of the Buyer or Government. Seller shall direct any question pertaining to control of Buyer or Government property to the Buyer.

(b) Unless otherwise provided herein, all property furnished to Seller by Buyer shall remain the property of Buyer. Seller shall bear risk of all loss & damage thereto, while such property is in Seller's actual or constructive possession. Such property shall at all times be properly protected & maintained by Seller, shall not be commingled with the property of Seller or others, shall not be moved from Seller's premises without prior written authority from Buyer, & shall, upon request by Buyer, be immediately returned to Buyer. Further, such property shall be identified & marked by Seller as Buyer's property & shall be used only as expressly authorized by Buyer. Such property shall be adequately insured by Seller for any & all losses while in Seller's possession, & shall be returned to Buyer in the same condition as when received by Seller, reasonable wear & tear excepted.

15. **REPRODUCTION, USE, & DISCLOSURE OF DATA**

(a) The Seller agrees to & does hereby grant to Buyer the right to reproduce, use, & dispose of all or any part of the reports, drawings, blueprints, data, & technical information to be provided to Buyer pursuant to this order, & Seller agrees to hold harmless Buyer & its assigns from any liability arising out of said reproduction, use, or disposition. Buyer shall give Seller prompt notice in writing of any suit or action alleging such liability. This section does not apply to purchase orders issued under Government contracts.

(b) The last sentence of section (a) above notwithstanding, if Buyer's Government contract requires Buyer to furnish to the Government multiple copies of reports, drawings, blueprints, data, & technical information to be provided to Buyer pursuant to this order, Seller upon receiving notification of this requirement does agree to & does hereby grant to Buyer the right to reproduce said reports, drawings, blueprints, data, & technical information for the sole purpose of fulfilling Buyer's obligations under said Government contract.

(c) If the terms, or parts thereof, contracted for hereunder are designed by Buyer, the Seller shall not reproduce any of such items or parts without Buyer's written consent, nor without such written consent, supply or disclose any information regarding such items or any equipment or materials used therein, nor incorporate in other products or items any special features of design or manufacture peculiar to the items contracted for hereunder; provided, however, the Seller may produce items for direct sale to the Government where the U.S. Government has the right to use the equipment, tools, gauges, patterns, designs, drawings, engineering data, or other technical proprietary information furnished by Buyer which are required to produce the items.

(d) No information or knowledge disclosed to Buyer in the performance of or in connection with this Purchase Order shall be deemed to be confidential or proprietary unless otherwise expressly agreed to in writing by Buyer, & any such information or knowledge shall be free from any restrictions, other than patents, as part of the consideration for this Purchase Order.

16. **SUBCONTRACTS** - Seller agrees that no subcontract placed in support of this Purchase Order shall provide for payment on a

cost-plus-a-percentage-of-cost basis.

17. **CHANGES**

(a) Buyer may at any time, by a written change order issued by an authorized purchasing representative, extend the time of delivery, or make changes within the general scope of this order in any one or more of the following (i) drawings, designs, or specifications, (ii) method of shipment or packing, & (iii) place of delivery. If a change order, issued hereunder, causes an increase or decrease in the cost of performance or in the time required for performance, an equitable adjustment shall be made in the order price and/or delivery schedule & the order shall be modified in writing accordingly. Any claim for adjustment under this clause shall be deemed waived unless asserted within twenty (20) days from the date of receipt by the Seller of the change order, provided, however, that Buyer, if it decides that the facts justify such action, may receive & act upon such claim submitted at any time prior to final payment under this order. Any such claim must set forth the amount of any increase or decrease in the cost of performance resulting from the change in the format & detail specified by Buyer. All articles covered hereunder shall be manufactured in accordance with this order & such changes thereto subsequently authorized by a written change order issued by said authorized purchasing representative of Buyer. Failure to agree upon an equitable adjustment shall not relieve the Seller from proceeding without any delay in performance under this Purchase Order as changed. Nothing in this clause shall excuse the Seller from proceeding with the order as changed.

(b) Buyer's engineering & 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 items to be furnished hereunder. However, such exchange of information or advice shall not vest Seller with the authority to change the items hereunder or the provisions of the order nor shall any resulting change in items or provisions of the order be binding upon Buyer unless incorporated as a change in accordance with paragraph (a), above.

(c) Where the cost of property made obsolete or excess as a result of a change order is included in the Seller's claim for adjustment pursuant to this clause, Buyer shall have the right to prescribe the manner of disposition of such property.

18. **PRICE & TAXES** - Buyer shall not be billed at prices higher than stated on this order unless authorized by a change order or notice issued & signed by an authorized purchasing representative of Buyer. Seller represents that the price charged for the items or services covered by this order is the lowest price charged by the Seller to buyers of a class similar to Buyer under conditions similar to those specified in this order & that prices comply with applicable Government regulations in effect at time of quotation, sale, or delivery. Seller agrees that any price reduction made for items covered by this order subsequent to the placement of this order will be applicable to this order. Except as otherwise specified herein, or unless prohibited by law, Seller shall pay all sales, use, excise, or other taxes, federal, state, & local, that may be levied upon any of the goods, or the parties hereto, by reason of the sale, delivery, or use of the goods. All taxes of any nature, which are billed to Buyer, shall be specifically identified & separately stated. If any tax or portion thereof, which is included or added to the price paid to Seller, is subsequently refunded to Seller, Seller shall promptly pay to Buyer the amount of such refund.

19. **PAYMENTS**

(a) Payments shall be made upon the submission of proper invoices for goods delivered & accepted. With respect to any discount offered, time shall be computed from the date of delivery or from the date correct invoice is received by Buyer, whichever last occurs. Payment is deemed to be made, for the purpose of earning the discount, on the date Buyer's check is mailed.

(b) Seller shall certify, at the time of submitting invoices, that all goods & services were manufactured or performed in compliance with the Fair Labor Standard Act.

20. **EFFECT OF INVALIDITY** - The invalidity in whole or in part of any provision hereof shall not affect the validity of any other provision.

21. **REMEDIES** - The remedies herein reserved shall be cumulative & in addition to any other or further remedies provided by law or equity. The failure of Buyer to insist, in any one or more instances, upon the performance of any of the terms, covenants, or conditions of this order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such item, covenant, or condition or the future exercise of such right, & the obligation of Seller with respect to such future performance shall continue in full force & effect.

22. **COMPLIANCE WITH LAW** - In performance of the work & shipment of goods covered by this order, Seller agrees to comply (& to bear all expense required for compliance) with the Fair Labor Standards Act of 1938, as amended, & regulations thereunder, all applicable provisions of the Walsh-Healy Act, the Buy American Act, the Occupational Safety & Health Act, the Equal Employment Act of 1972, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the resource Conservation and Recovery Act of 1976, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Water Act, The Clean Air Act, the safe Drinking Water Act, the National Environmental Policy Act of 1969, Title III of the Superfund Amendment and Reauthorization Act, the provisions of the Occupational Safety and Health Act of 1970 relating to the handling of or the exposure of Hazardous Materials and similar substances & regulations thereunder, & all other applicable federal, state, & local laws, rules, regulations, & orders, & agrees to indemnify Buyer against any loss, cost, liability, or damage whatsoever, including attorney's fees, which may result from Seller's violation of this paragraph. Sellers who furnish materials that are hazardous substances as defined in the California code of regulations Title 8, Division 1, Chapter 4, subchapter 7, Group 16, Article 109, Section 5194, (the California Hazard Communication standard) or listed on California Industrial Relations Director's List of Hazardous Substances must furnish with the delivery of the material, a Material Safety Data Sheet. Such Sheet must conform with the provisions of the California Hazard Communication Standard and the California Hazardous Substance Training & Information Act (SB 1874.)

This Buyers Establishment is a Government contractor subject to all provisions of Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. 4212, (formerly 2012) & the implementing regulations at 41 CFR Chapter 60, & these provisions are incorporated by reference as part of this agreement.

23. **DISPUTE** - Any dispute arising under this order which is not settled by agreement of the parties may be settled by appropriate legal proceedings including arbitration. Pending any decision, appeal, or judgment in such proceedings, or the settlement of any dispute arising under this order, Seller shall proceed diligently with the performance of this order in accordance with the decision & instruction of Buyer.

24. **FALSE CLAIMS & INDEMNITY** - The Seller shall indemnify the Buyer for any cost incurred & any payment made by Buyer or any reduction in Buyer's contract price resulting from false claims submitted by the Seller under this order or as a result of (i) Failure to comply with any applicable Cost Accounting Standards under the FAR, (ii) Seller's failure to submit current, complete, & accurate cost or pricing data when required, (iii) Seller's misrepresentation of any fact or Seller's fraud under appeals made by the Buyer or Seller under article 23, above, entitled "DISPUTE." The Buyer shall notify the Seller in writing of any allegations of a false claim, misrepresentation of fact, or fraud to which this indemnity applies.

25. **INSURANCE** - If this order provides for work to be performed by Seller on property owned & controlled by Buyer or on property of others, Seller shall insure each of its employees engaged upon the work with worker's compensation & employees liability insurance & shall procure & maintain, at its cost & expense & until final acceptance of the work by Buyer, public liability insurance from a reputable & financially responsible insurance company, properly safeguarding Buyer against liability for injuries to persons, including injuries resulting in death, in amounts acceptable to Buyer. Seller shall furnish to Buyer written certificates from insurance carriers or from appropriate governmental authorities establishing that said insurance of employees & said public liability insurance have been procured & are being properly maintained & the premiums are paid, & specifying the names of the insurers & the respective policy numbers & expiration dates. All such insurance policies shall provide (unless by statute applicable thereto it is otherwise provided) that in the event of cancellation thereof, written notice of each cancellation shall be given to Buyer at least thirty (30) days prior to the effective date of such cancellation.

26. **INDEMNIFICATION** - If Seller's agents, employees, or subcontractors enter upon premises occupied by or under the control of Buyer, Seller shall indemnify & hold Buyer harmless against all liabilities, losses, damages, & expenses, including attorney's fees, for personal injuries, death, or property damage except in those instances where such liability, losses, damages or expenses are due solely & directly to Buyer's gross negligence.

27. **TERMINATION FOR CONVENIENCE** - The Buyer may terminate performance or work under this order in whole or in part by written notice of termination, whereupon the Seller will stop work on the date & to the extent specified in the notice & terminate all orders & subcontracts to the extent they relate to

the terminated work. Seller will promptly advise Buyer of the quantities of applicable work & material on hand or purchased prior to termination & the most favorable disposition that the Seller can make thereof. Seller will comply with the Buyer's instructions regarding transfer & disposition of title to the possession of such work & material. Within sixty (60) days after receipt of such notice of termination the Seller will submit all its claims resulting from such termination. Buyer will have the right to check such claims at any reasonable time or times by inspecting & auditing the records, facilities, & work on materials of the Seller relating to this order. Buyer will pay the Seller, without duplication, the order price for finished work accepted by the Buyer & the cost to the Seller of work in process & raw material allocable to the terminated work, based on any audit the Buyer may conduct under generally accepted accounting principles less however: (a) the reasonable value or cost (whichever is higher) of any items used or sold by the Seller without the Buyer's consent, (b) the agreed value of any items used or sold by the Seller with the Buyer's consent, & (c) the cost of any defective, damaged, or destroyed work or material. Buyer will make no payment for finished work, work in process or raw material fabricated or procured by the Seller in excess of any order or release. Notwithstanding the above, payments made under this clause shall not exceed the aggregate price specified in this order less payments otherwise made or to be made, & adjustments shall be made reducing the payments hereunder for costs of work in process & raw material to reflect on a pro rata basis any indicated loss on the entire order had it been completed. Payment made under this clause constitutes the Buyer's only liability in the event this order is terminated hereunder.

28. **DEFAULT**

(a) (1) The Buyer may, subject to paragraphs (c) & (d), below, by written notice to Seller, terminate this order in whole or in part if the Seller fails to: (i) deliver the supplies or to perform the services within the time specified in this order or any extension; (ii) make progress so as to endanger performance of this order (but see paragraph (a)(2), below); or (iii) perform any of the other provisions of this order (but see paragraph (a)(2) below. (2) The Buyer's right to terminate this order under subdivisions (1)(ii) & (1)(iii), above, may be exercised if Seller does not cure such failure within 10 days (or more if authorized in writing by the purchasing representative of the Buyer) after receipt of the notice from the purchasing representative of the Buyer specifying the failure.

(b) If the Buyer terminates this order in whole or in part, it may acquire, under the terms and in the manner the purchasing representative of the Buyer considers appropriate, supplies or services similar to those terminated, and the Seller will be liable to the Buyer for any excess costs for those supplies or services. However, the Seller shall continue the work not terminated.

(c) Except for defaults of subcontractors at any tier, the Seller shall not be held in default if the failure to perform the order arises from causes beyond the control and without the fault or negligence of the Seller. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the U.S. Government in its sovereign capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Seller.

(d) If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Seller and subcontractor, and without the fault or negligence of either, the Seller shall not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Seller to meet required delivery schedule.

(e) If this order is terminated for default, the Buyer may require the Seller to transfer title and deliver to the Buyer, as directed by the purchasing representative of the Buyer, any (1) completed supplies, and (2) partially completed supplies and materials, part, tools, dies, fixtures, plans, drawing, information, and contract rights (collectively referred to as "manufacturing materials" in this clause) that the Seller has specifically produced or acquired for the terminated portion of this order. Upon direction of the purchasing representative of the Buyer, the Seller shall also protect and preserve property in its possession in which Buyer has an interest.

(f) The Buyer shall pay the order price for completed supplies delivered and accepted. The Seller and purchasing representative of the Buyer shall agree on the amount of payment for the manufacturing materials delivered and accepted and for the protection and preservation of the property. The Buyer may withhold from these amounts any sum, which the purchasing representative of the Buyer determines to be necessary to protect the Buyer against loss because of outstanding liens or claims of former lien holders.

(g) If, after termination, it is determined that the Seller was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of the Buyer.

h) The rights and remedies of the Buyer in this clause are in addition to any other rights and remedies provided by law or under this order.

29. **BANKRUPTCY** – In the event that the Seller shall seek protection in bankruptcy, be adjudicated a bankrupt, make a general assignment for the benefit of creditors, or consent to any proceeding under any reorganization or other law relating to the relief of debtors, or in the event of a receiver appointed to take custody and control of all or any part of the property or assets of Seller, then Buyer may, at its option, cancel this order.

30. **TITLE TO GOODS** – It is agreed between Buyer and Seller that title to the goods and materials purchased hereunder shall pass to the Buyer at the F.O.B. point shown on the face of this Purchase Order and that Seller's delivery commitment is due date at the F.O.B. point.

31. **SELLER QUOTATIONS** – Reference in this order to Seller quotation does not imply acceptance of any terms and conditions in such quotation. Any terms and conditions in such quotation which are in addition to, or inconsistent with, the terms and conditions contained in this order are excluded.

32. **NOTICE TO THE BUYER OF LABOR DISPUTES** Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer. Seller shall include this section in each lower sub-tier Subcontract placed in support of this order.

33. **INVOICES, STATEMENTS, AUDIT OF BOOKS** - Unless otherwise provided in this Purchase Order, no invoice shall be issued and no payment will be made prior to physical delivery of goods, or completion of services. Individual invoices, in triplicate, showing this Purchase Order number, description of goods as shown herein, number of cartons shipped, and carrier and weight, shall be issued for each shipment applying hereto. One copy of each individual invoice must be plainly marked "ORIGINAL" Shipping charges and all applicable taxes, or charges for which Buyer has agreed to pay, and has not furnished an exemption certificate, shall be itemized separately on Seller's invoices. Unless such charges are itemized, Buyer may take the applicable discount on the full amount of each invoice. Seller agrees that its books and records, or such parts thereof as may relate to the performance hereunder, shall at all reasonable times be subject to inspection and audit by duly authorized representatives of Teledyne.

34. **ASSIGNMENT** – Seller shall not delegate any duties, nor assign any rights or claims hereunder, without prior written consent of Teledyne, and any such attempted delegation or assignment shall be void. All claims for monies due or to become due from Teledyne shall be subject to deduction by Teledyne for any setoff or counterclaim arising out of this or any other of Teledyne's Purchase Orders with Seller, whether such setoff or counterclaim arises before or after any such assignment by Seller.

35. **ANTI-KICKBACK ACT**-The giving or receiving of kickbacks is absolutely prohibited. (both commercial and government sellers). Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given any gratuities to Buyer's employees, agents, or representatives for the purpose of securing favorable treatment under this contract. (all certifications being accurate with indemnification)

36. **SETOFF PROVISION**-Amounts due from Seller to Buyer on other orders may be set off against the amounts owed on this Purchase Order

37. **PRECEDENCE** – In the event of any inconsistency between the articles, attachments, specifications or provisions which constitute this order, the following order of precedence shall apply: (i) special terms and conditions, (ii) the standard terms and conditions contained in this form, (iii) specifications, and (iv) all other attachments incorporated herein by reference. Buyers specifications shall prevail over any subsidiary documents referenced therein. Seller shall not use any specification in lieu of those contained in this contract without written consent of Buyers authorized Purchasing Representative.

38. **ENTIRE AGREEMENT** – The provisions contained herein constitute the entire agreement between the parties and supersede all previous communications and representations either oral or in writing with respect to the subject hereof. If any provision of this order is or becomes void or unenforceable by

force of law, the remainder shall remain valid and enforceable.

PART 2

ADDITIONAL GOVERNMENT PROCUREMENT TERMS AND CONDITIONS

If this order is issued under a Government prime contract as evidenced on the face of this order, the following Federal Acquisition Regulation (FAR) clauses and Department of Defense FAR supplement clauses (or their respective corresponding, successor provisions, however entitled,) as applicable and in effect on the date of the referenced Government contract, and any clause otherwise required by statute, regulation, or official publication of the Government in effect on the date of the referenced Government contract, are incorporated by reference and made a part of this order as if stated in their full text.

These clauses are in addition to the general terms and conditions of Part 1. They are included in this order to establish the same contractual agreement between Seller and Buyer as exists between the Government and prime contractor except in those instances where a different relationship is established. In the event of conflict between these clauses and the paragraphs in Part 1, these shall take precedence.

In the event the subcontract bears a Government contract number, the Subcontract shall be subject to the following clauses of the Federal Acquisition Regulation and all applicable supplements of the edition in effect on the date of this Subcontract, except as may be specifically provided elsewhere in this Agreement. All such clauses are hereby specifically incorporated herein by reference, subject to the following modifications and definitions: "Contractor" means "Seller," "Subcontractor" means "Seller's subcontractor(s)," "Contract" means "Order," "Government" means "Buyer," and "Contracting Officer" means "Teledyne's designated contractual representative." These interpretations shall not apply to FAR 52.229-3; or 52.245-2.

Applicable to all orders:

52.202-1	Definitions
52.203-3	Gratuities
52.203-5	Covenant Against Contingent Fees
52.203-7	Anti-Kickback Procedures
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity
52.204-2	Security Requirements
52.211-5	Material Requirements
52.211-6	Brand Name or Equal
52.211-15	Defense Priority and Allocation Requirements
52.215-14	Integrity of Unit Prices and Alternate I
52.216-7	Allowable Cost and Payment
52.222-1	Notice to the Government of Labor Disputes
52.222-4	Contract Work Hours and Safety Standards Act—Overtime Compensation
52.222-21	Prohibition of Segregated Facilities
52.222-22	Previous Contracts and Compliance Reports
52.223-3	Hazardous Material Identification and Material Safety Data and Alternate I
52.223-4	Recovered Material Certification
52.223-7	Notice of Radioactive Materials
52.223-11	Ozone-Depleting Substances
52.224-1	Privacy Act Notification
52.224-2	Privacy Act
52.225-8	Duty-Free Entry
52.225-9	Buy American Act-Construction Materials
52.225-10	Notice of Buy American Act Requirements-Construction Materials
52.225-14	Inconsistency Between English Version and Translation of Contract
52.227-3	Patent Indemnity and Alternate I & II
52.227-9	Refund of Royalties
52.227-10	Filing of Patent Applications—Classified Subject Matter
52.227-11	Patent Rights—Retention by the Contractor (Short Form) and Alternate I
52.227-12	Patent Rights—Retention by the Contractor (Long Form) and Alternate I & II
52.227-13	Patent Rights—Acquisition by the Government and Alternate I & II
52.227-14	Rights in Data—General and Alternate I, II, III, IV & V
52.227-19	Commercial Computer Software—Restricted Rights
52.228-3	Workers' Compensation Insurance
52.228-4	Workers' Compensation and War-Hazard Insurance Overseas
52.229-2	North Carolina State and Local Sales and Use Tax
52.229-3	Federal, State, and Local Taxes
52.229-8	Taxes—Foreign Cost-Reimbursement Contracts
52.229-9	Taxes—Cost-Reimbursement Contracts with Foreign Governments
52.229-10	State of New Mexico Gross Receipts and Compensating Tax

