

THIS ORDER IS SUBJECT TO THE FOLLOWING CONDITIONS

ACCEPTANCE

This Purchase Order constitutes an offer by Fairchild Industrial Products Company ("Buyer") which is accepted by Seller solely in accordance with the terms set forth herein and on the face of the Purchase Order upon the earlier of Seller's: (i) signing and returning the acknowledgment copy hereof, or (ii) commencement of effort, or delivery in whole or in part of articles or the furnishing of services required hereby.

PRICES

Unless otherwise stated on the face hereof, Seller represents that the price of this order: (i) is inclusive of all federal, state, or local taxes, fees, excises, and/or charges which are now or may be hereafter imposed with respect to the manufacture and sale of such items; and (ii) includes all charges or costs associated with the suitable packing, packaging, preparation for shipment, crating, or cartage of the items ordered. Seller further represents that the price or prices specified in the order are based on current pricing data and do not exceed the last price or prices quoted or charged or currently being quoted for the same or substantially similar articles whether to the Government or to any other Buyer, taking into account quantity and schedule considerations.

CHANGES

Buyer may at any time by a written order 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 shipping or packing; (iii) place or time of delivery; and (iv) quantity. Seller shall proceed immediately to perform this order as changed. If any such changes causes an increase or decrease in the cost of or the time required for the performance, an equitable adjustment shall be made in the price or delivery schedule, or both, and this Purchase Order shall be modified in writing accordingly. Any claim for adjustment under this provision must be submitted in writing within twenty (20) days from the date the change is ordered together with cost or pricing data sufficient to permit evaluation of such claim. Where the cost of property made obsolete or excess as a result of a change is included in the contractor's claim for adjustment (and supported by inventory schedules to be submitted within three (3) months from the date of change), the buyer shall have the right to prescribe the manner of disposition of such property. Failure of the parties to agree upon any adjustment to be made under this clause shall not excuse Seller from proceeding with the order as changed.

INSPECTION

All supplies shall be subject to inspection and test at all times and places, including the period of manufacture, by Buyer and its customers. If any inspection or test is made on Seller's premises, Seller, without additional charge, shall: (i) provide all reasonable facilities and assistance for the safety and convenience of Buyer and its customer inspectors; (ii) make available to the inspectors copies of all drawings, specifications, and processes applicable to the articles ordered; and (iii) promptly furnish Buyer with any and all resulting inspection certificates. All articles are subject to final inspection and acceptance at Buyer's plant notwithstanding any payment or other prior inspections. Buyer may reject and hold at Seller's expense, subject to Seller's disposal, all supplies not conforming to applicable specifications, drawings, samples, or descriptions. Without limiting any other rights it may have, Buyer, at its option, may, (i) require Seller to repair or replace at Seller's expense any item of supplies ordered which fails to meet requirements of the Purchase Order; (ii) require Seller to refund the price of any such item; or (iii) elect to retain and repair any such items with an appropriate reduction from the price otherwise due Seller to offset Buyer's costs of effecting necessary correction. Neither final inspection, payment, nor any limitation contained in the warranty clause shall relieve Seller from responsibility for the correction or replacement of defective articles arising due to fraud, gross mistakes amounting to fraud, or for latent defects. In furtherance of its requirements herein, Seller shall

maintain an inspection system suitable to Buyer and, unless otherwise specified, meeting the requirements of MIL-I-45208A and/or NHB 5300.4(IC).

TERMINATION

(a) Buyer may terminate this order for its convenience, in whole or in part, from time to time, in accordance with ASPR 8-706 as in effect on the date of this order, except that (i) audit of the Seller's termination claim shall be made by the Government if this order is placed pursuant to a Government contract, otherwise by a mutually acceptable independent audit agency, and (ii) any such termination claim must be submitted within three months from receipt of termination notice. The provisions of this clause shall not limit or effect the right of Buyer to terminate this order for default.

(b) This Purchase Order may be terminated for default pursuant to SSPR-8-707 incorporated herein by reference, it being understood that time is of the essence. Reference to the "Disputes" Clause is hereby deleted.

(c) This Purchase Order may be terminated pursuant to (b) above if Seller becomes insolvent or is subject to proceedings under any law relating to bankruptcy, or in the event of an appointment of a receiver of trustee, or the assignment by Seller for the benefit of creditors.

TITLE AND RISK OF LOSS

Title to and all risk of loss of or damage to supplies to be delivered hereunder shall remain in Seller until such supplies are delivered to Buyer at the destination specified on the face of this Purchase Order. Seller shall bear all risk of loss or damage to supplies rejected by Buyer after notice of rejection until such supplies are redelivered to Buyer, except for loss, destruction or other damage to such rejected supplies resulting from the gross negligence of officers, agents, or employees of Buyer acting within the scope of their employment. Passing of title upon delivery shall not constitute acceptance of the items by Buyer. All items to be delivered hereunder and all property to be returned to Buyer shall be free and clear of any and all liens and encumbrances whatsoever.

PATENT INDEMNITY

Except insofar as the order calls for materials or articles in accordance with Buyer's detailed design, Seller agrees to indemnify and save harmless Buyer, its customers, and users of its products from any and all loss or damage, liability, claims and suits including cost and fees for or on account of infringement or alleged infringement of any United States and foreign patents, copyrights and trademarks arising from the manufacture, use, sale or disposal of materials or articles called for hereunder. Provided Seller is duly notified of any infringement or alleged infringement, Seller shall defend all claims, suits, and actions at its own expense.

WARRANTY

Seller warrants that articles ordered to Buyer's specifications will conform thereto and to any drawings, samples, or other descriptions furnished by Buyer, and, if ordered to Seller's design or descriptive literature, will be fit and sufficient for the purpose intended. In any event, all articles will be merchantable, of good material and workmanship, and free from defects. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the articles and shall run to Buyer, its successors, assigns and customers. Buyer may, at its option, either return for credit or required prompt correction or replacement of the defective or nonconforming article or part thereof. Return to Seller of such article and delivery to Buyer of any corrected or replaced articles shall be at Seller's expense. Articles required to be corrected or replaced shall be subject to the provisions of this clause and the inspection clause in the manner and to the same extent as articles originally delivered under this order. Except for latent defects, fraud or such gross mistakes as amounts to fraud, Seller's obligations under this clause shall apply to such defects and nonconformance as occur within one (1) year after such supplies are delivered to and accepted by Buyer except that where Buyer incorporates these supplies in an end item to be delivered to its customer,

Seller's obligation under this clause shall be extended to one year after delivery of said end item to the customer. All warranties, both express and implied, shall be construed as conditions as well as promises, and shall not be deemed to be exclusive.

SPECIAL EQUIPMENT

1. Title to all tools, dies, jigs, and fixtures used in the manufacture of the supplies required hereby (hereinafter referred to as "Special Equipment") shall vest in Buyer immediately upon Seller's manufacture or acquisition thereof, Seller agreeing that the purchase price stated on the face hereof includes the cost of any such Special Equipment manufactured or acquired in pursuance hereof. Similarly, Special Equipment used by Seller but owned, furnished, or paid for by Buyer under the terms of this or other of Buyer's Purchase Orders and used hereon shall remain the property of Buyer or Buyer's customers respectively, and shall not be altered or modified without Buyer's consent.

2. Unless otherwise approved by Buyer, such Special Equipment shall be used only in the performance of this Purchase Order except that Seller may use such Special Equipment for the manufacture of supplies or furnishing of services to the United States Government to the extent the Government has the right under its prime contract with Buyer to authorize such use, further provided such use will not interfere with Seller's performance of this order or other orders of Buyer.

3. Seller agrees that it will, at no additional cost to Buyer: (i) follow normal industrial practices in the identification, maintenance, preservation, and segregation of such Special Equipment; (ii) establish and maintain property control records therefore, making such records available for inspection by Buyer or its customer at all responsible times; and (iii) if title to such Special Equipment vests in the United States Government, will maintain and control such Special Equipment in accordance with Appendix B of ASPR in effect as of the date hereof, entitled: "Control of Government Property in Possession of Contractor," which Appendix is incorporated herein by reference.

4. When this Purchase Order indicates that the Government is to acquire title to Special Tooling (as such term is defined in ASPR 7-104.25) then title to such Special Tooling shall immediately vest in the United States Government upon Seller's acquisition or manufacture thereof provided the full cost thereof is charged to this Purchase Order. When this Purchase order indicates that the United States Government is to acquire title to Special Test Equipment, as such term is defined in ASPR 7-104.26, but does not specify the items to be acquired then, title to any Special Test Equipment shall immediately vest in the United States Government upon Seller's manufacture or acquisition thereof. Seller shall give Buyer forty (40) days advance written notice of its intention to acquire any Special Test Equipment or components thereof having an item acquisition cost of \$1,000.00 or more. Buyer may then elect to furnish any such Special Test Equipment or any component thereof to Seller within said forty (40) day period. In the event Seller has not received such notice within the aforementioned period, Seller may proceed to acquire such Special Test Equipment or components. If Buyer furnishes any such Special Test Equipment or components as a result of the above, this order shall be equitably adjusted in accordance with the Changes Clause to reflect an appropriate reduction in price resulting from Buyer's furnishing Seller any such Special Test Equipment or components thereof.

5. Upon delivery to it, or manufacture or acquisition by it, of any Special Equipment, Special Tooling, or Special Test Equipment, title to which is in Buyer or its customer, Seller assumes the risk and shall be responsible for any loss thereof or damage thereto while in its possession. Unless otherwise directed by Buyer, upon completion or termination of this order or other of Buyer's orders utilizing such Special Equipment, Special Tooling, or Special Test Equipment, Seller shall promptly furnish, in suitable form, a list thereof with a request for disposition instructions. Pending receipt of such instructions, Seller shall hold and preserve such Special Equipment, Special Tooling, or Special Test Equipment free of charge for a period of six months. All Special Equipment, Special Tooling, or Special Test Equipment furnished to Seller by Buyer shall be returned to Buyer in the same condition as received, normal wear and tear expected.

DRAWINGS, SPECIFICATIONS AND TECHNICAL INFORMATION

Drawings, data, designs, inventions and other technical information supplied by Buyer in connection herewith (hereinafter called "Data"), shall remain Buyer's property and shall be held in confidence by Seller. Such Data shall not be reproduced, used and/or disclosed to others by Seller without Buyer's prior written consent. Upon Completion of work by Seller under this order, Seller shall promptly return all Data to Buyer together with all copies or reprints thereof then in Seller's possession or control, and Seller shall thereafter make no further use, either, directly or indirectly, of any such Data or any information derived there from without Buyer's prior written consent, provided, however, Seller may produce articles for direct sale by Seller to the United States Government utilizing such Data where the United States Government has a right to the use of such Data for the manufacture of military or foreign assistance supplies or services. Any information which Seller may disclose to Buyer with respect to the design, manufacture, sales or use of the items covered by this order shall be deemed to have been disclosed as part of the consideration for this order, and Seller shall not assert any claim (other than a claim for patent infringement against Buyer by reason of Buyer's use thereof.

ASSIGNMENT AND SUBCONTRACTING

Without Buyer's prior written consent, Seller shall not: (1) assign this contract or monies due or to become due hereunder, or (2) enter into subcontracts with any other party for furnishing any of the completed or substantially completed articles. Should Seller make assignment of this contract for monies due or to become due hereunder, or subcontract with any party for the furnishing of any of the completed or substantially completed requirements hereunder, Buyer, at its option, may cancel this contract without obligation to make any further payments hereunder. Nothing contained herein will prohibit Seller from assigning monies due or to become due to a bank, trust company, or other accredited financing institute, in which event a copy of each such assignment shall be filed with Buyer before the assignment shall have any force or effect. Payments to Seller or to any authorized assignee of Seller of any amounts or claims due or arising hereunder shall be subject to reduction or set-off for any present or future claims or claims which Buyer may have against Seller, its divisions, subsidiaries, or affiliates.

INDEMNIFICATION AND INSURANCE

If Seller, its agents, employees, or subcontractors enter upon premises occupied by or under control of Buyer or any of its customers or suppliers, in the course of the performance of this order, Seller shall take all necessary precautions to prevent occurrence of any injury, including death, to any person or any damage to any property arising out of any acts or omissions of Seller, its agents, employees, or subcontractors. Seller shall indemnify and hold Buyer harmless from and against any liability, losses, damages, claims and expenses arising out of or connected with any act or omission of Seller, its agents, employees, or subcontractors except for injury or damage due solely to Buyer's negligence or other fault. Seller shall maintain such public liability, property damage, and workman's compensation insurance as will protect Buyer from any of said risks and from any claims under any applicable workman's compensation acts, and in any event, in an amount not less than \$100,000 for such coverage.

ADVANCE MANUFACTURE AND DELIVERY

Seller shall not manufacture or make production arrangements in advance of the period reasonably required to meet delivery schedule. No claim shall be allowed for such advance effort in case of change or termination. Shipments shall be strictly in accordance with the delivery schedule appearing on the face of this order. Buyer reserves the right to return all articles received in advance of delivery schedules at Seller's expense, or to hold such articles and pay invoices on such shipment on normal maturity after schedule date. If it appears Seller will not meet schedule, or if Seller fails to meet schedule, Seller, at Buyer's request, shall ship via expedited routing at Seller's cost.

COMPLIANCE, APPLICABLE LAW, AND DISPUTES

A. Seller shall comply with all applicable federal, state, and local laws, orders, regulations, and ordinances in performing this Purchase Order. Seller covenants and agrees to save and hold Buyer harmless from, and to reimburse it for, any and all costs, damages, and expenses (including necessary attorney's fees) suffered or occasioned to it through any failure of Seller to comply with any such laws, orders, regulations, or ordinances.

B. This Purchase Order shall be construed and interpreted solely in accordance with the laws of the state appearing in Buyer's address on the face hereof, except that if this order is placed under a Government prime or higher tier contract, the Federal Law of Government Contract as enumerated and applied by the federal courts, the Armed Services Board of Contract Appeals, and other judicial and quasi-judicial agencies of the federal Government which apply.

C. Except as otherwise provided in this Purchase Order, Seller may litigate any dispute arising hereunder in a court of competent jurisdiction. Pending settlement or final judgment, Seller shall proceed diligently with the performance of this order in accordance with the provisions and instructions of Buyer.

WAIVER AND EFFECT OF INVALIDITY

The rights and remedies provided Buyer herein shall be cumulative and in addition to any rights and remedies provided by law or equity. The failure of Buyer in any one or more instances to insist upon performance of any of the terms, covenants, or conditions of this order or to exercise any right or privilege contained herein, or the waiver of any breach of the terms or conditions of this order, shall not be construed as thereafter waiving any such terms, conditions, rights, or privileges, and the same shall continue and remain in force and effect as if no waiver had occurred. The invalidity in whole or in part of any provision hereof shall not affect the validity of any other provision.

ORDER OF PRECEDENCE

In the event of an inconsistency between the clauses of this Purchase Order, the inconsistency shall be resolved by giving precedence in the following order (a) provisions on the face of this Order; (b) Terms and Conditions; (c) other provisions of the Order, whether attached or incorporated by reference; and (d) the Specifications.

ADDENDA

All supplemental or acknowledged sheets, schedules, exhibits, specifications, drawings, data or riders which may be annexed hereto or referenced herein are made part of this Order to which Seller agrees by acceptance of this Order. Seller acknowledges that it has available to it all specifications, drawings and data incorporated in this Purchase Order and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.

ADVERTISING

Seller shall not, without the prior written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished or has contracted to furnish to Buyer the articles and/or service to be furnished under this Purchase Order.

ADDITIONAL CONDITIONS APPLICABLE TO ORDERS PLACED UNDER UNITED STATES GOVERNMENT CONTRACTS

If a United States Government Contract Number is noted on the face of this Purchase Order, the below listed Armed Service Procurement Regulations in effect as of the date of this Purchase Order and applicable to contracts of this amount, all of which Seller represents have been read and understood, are incorporated herein by reference it being understood that if this order is placed under a National Aeronautics and Space

Administration prime contract, reference to ASPR clauses below or elsewhere in this order shall be deemed to have reference to the equivalent, if any, NASA-PR clauses and it being further understood that if this order is placed under a prime contract subject to the Federal Procurement Regulations, reference to ASPR clauses below or elsewhere in this order shall be deemed to have reference to the equivalent, if any, FPR clauses.

(a) 1-707.3(a)-Utilization of Small Business Concerns; 1.707.3(b)-Small Business Subcontracting Program; 1-805.3(a)-Utilization of Labor Surplus Area Concerns; 1-805.3(b)-Labor Surplus Area Subcontracting Program; 1-1208(a)-New Material; 1-1208(d)-Government Surplus; 6-104.5- Buy American Act; 7-103.13-Renegotiation; 7-103.19-Officials not to Benefit; 7-103.20-Covenant Against Contingent Fees; 7-103.27-Listing of Employment Openings; 7-104.4-Notice to Government of Labor Disputes; 7-104.11(a)-Excess Profit; 7-104.12-Military Security Requirements; 7-104.15-Examination of Records; 7-104.16-Gratuities; 7-104.36(a & b)-Minority Business Enterprises; 7-104.37-Required Source for Jewel Bearings; 7-104.38-Required Sources for Miniature and Instrument Ball Bearings; 7-104.40-Competition in Subcontracting; 7-104.59-Required Source for Aluminum Ingot; 7-104.61-Frequency Authorization; 7-104.65-Insurance; 7-104.79(a)-Safety Precautions for Ammunition and Explosives; 7-104.81-Aircraft, Missile, and Space Vehicle Accident Report and Investigation; 7-104.93-Preference for Domestic Specialty Metals; 7-105.3-Stop Work Order (except that 30 day notice period in (b)(ii) shall be 20 days and except that the following clause is added at the end of the first sentence of Paragraph (b); "Provided Seller shall not resume work after expiration of stop work order unless it has give Buyer 72 hour prior written notice of its intention to do so."); 7-402.24-Military Security Requirements; 12-203-Convict Labor; 12-303.1-Contract Work Hours Standards Act-Overtime Compensation; 12-605-Walsh Healy Public Contracts Act.

(b) With respect to patents and data: 9-102.2-Authorization and Consent for Research or Development; 9-104-Notice and Assistance Regarding Patent and Copyright Infringement; 9-106-Filing of Patent Applications; 9-107.5-Patent Rights (the applicable clause contained in the U.S. Government contract under which this Order is placed, provided Buyer shall obtain no rights in "subject invention" for itself); 7-104.8(a)-Reporting and Refund of Royalties; 7-104.9(a)-Rights in Technical Data (provided Buyer shall obtain no rights in "technical data" for itself); 7-104.9(m)-Deferred Ordering of Technical Data; 7-104.9(o)-Warranty of Technical Data. If this Purchase Order is placed under a National Aeronautics and Space Administration (NASA) contract, the NASA "New Technology" clause in effect of the date of this Purchase Order shall apply in lieu of the aforementioned ASPR "Patent Rights" clause.

(c) When, in accordance with ASPR 3-807.3, Buyer is required to submit, either actually or by specific identification in writing, cost or pricing data in accordance with ASPR 16-206 and to certify that, to the best of his knowledge and belief, the cost or pricing data so submitted was accurate, complete, and current as of the date of such certification, then the following clauses shall apply: 7-104.29(a) or (b), as applicable-Price Reduction for Defective Cost or Pricing data; 7-104.41-Audit by Department of Defense; 7-104.42-Subcontractor Cost of Pricing Data. In the event Buyer's contract price is reduced as a result of defects in Seller's certified cost or pricing data, then this Purchase Order shall be reduced accordingly by amendment or offset and Seller may, at its own expense but in Buyer's name, appeal such action pursuant to Buyer's "Dispute Clause" as such may be contained in Buyer's contract under which this Purchase Order is awarded, and further provided that nothing herein shall excuse Seller from continuing performance hereof as a result of such price reduction.

(d) When, in accordance with ASPR 7-104.83, this Order is subject to the rules and regulations of the Cost Accounting Standards Board, Seller shall comply with the provisions of Attachment 1 attached hereto and made a part hereof.

(e) The provisions of DMS Regulation No. 1, together with all other applicable regulations and orders of BDSA shall govern Seller's procurement and use of all controlled material products required for the performance of this order. Seller shall comply with the priority rating or allotment number indicated on the face hereof in pursuance of its obligations hereunder.

(f) During the performance of this Purchase Order, Seller agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and will comply with ASPR 7-103.18-“Equal Opportunity”-or its equivalent in effect as of the date hereof. If this Purchase Order exceeds \$50,000, then Attachment “A,” entitled “Equal Opportunity,” made a part hereof, shall apply and Seller shall include such Attachment or its equivalent in all subcontracts or purchase orders which it may place in furtherance hereof whose price is in excess of \$50,000, it being understood that such clause (Paragraphs 1 thru 7 inclusive) cannot be incorporated in Seller’s subcontracts or orders by reference.

(g) In order to make the Procurement Regulation clauses referred to herein applicable to this Purchase Order, the term “Contractor” shall mean Seller; the term “Contract” shall mean this Purchase Order; and where necessary, the terms “Government,” “Contracting Officer” and equivalent phrases shall include Buyer.

COMPLETE AGREEMENT

The terms and conditions of this Purchase Order set forth the entire agreement between the parties hereto and supersede all previous communications, representations or agreements, whether oral or written, between the parties hereto with respect to the subject matter hereof; and no agreement or understanding varying or extending the terms or conditions of this Purchase Order will be binding unless in writing signed by a duly acknowledged officer or representative. No conditions stated by the Seller in its acknowledgement of this Order shall be binding upon the Buyer if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein. Acceptance is expressly limited to the terms stated herein and any additional or different terms proposed by the Seller are object to and are hereby rejected. Any acceptance contained herein is expressly made conditional on Seller’s assent to the additional or different terms contained herein.