OSI ELECTRONICS

PURCHASING TERMS AND CONDITIONS

F74000 Rev B

1. Acknowledgement and Acceptance. Acceptance of this Purchase Order is expressly limited to the terms of this Purchase Order. If any of Seller's terms of sale are in conflict with the terms of this Purchase Order, the terms hereof shall govern unless Seller's terms are accepted in writing by Buyer. No oral agreement or other understanding shall in any way modify this Order, or the terms or conditions hereof. Seller's action in (a) accepting this order, (b) delivering materials, or (c) performing services called for hereunder shall constitute an unqualified acceptance of the terms and conditions hereof.

2. Price. This order shall not be filled at prices higher than those shown on this order unless such increased prices have been authorized by the buyer.

3. Shipping Instructions. All goods must be shipped in accordance with the shipping instructions stated and at the advantageous rates. Any extra expense in effecting delivery of goods not so shipped will be charged to the seller.

4. Packing. Seller shall be responsible for the safe packing, which must conform to the requirements of the carrier's tariffs. Seller shall separately number all cases, packages, etc. showing the corresponding number on the invoices. An itemized packing slip, bearing Buyer's order number, must be placed in each container. No extra charge will be made for packaging or packing materials unless authority is expressly incorporated in this order.

5. Delivery. Time and rate of deliveries are of the essence of the Order. Buyer reserves the right to cancel this Order and reject the goods upon default by Seller in time, rate or manner of delivery. Buyer also reserves the right to refuse shipments made in advance of the schedule of deliveries appearing on the face of this Order.

6. Invoices. Invoices shall (a) be rendered separately, in triplicate, for each delivery, with bill of lading attached, (b) cover more than one order, (c) be rendered with order number noted thereon. If invoice is subject to cash discount, the discount period will be calculated from the date the invoice is received by Buyer.

7. Terms. Unless otherwise agreed in writing, cash discount terms apply the 10th of the month following Buyer's receipt of invoice and all shipping papers.

8. Warranty. The Seller warrants that all material or services delivered hereunder conform to the design and specifications and to drawing, samples or other descriptions referred to in this order, will conform strictly to the requirements of this order and will be free from defects in material and workmanship. Such warrants shall survive acceptance and payment and shall run to Buyer its successors, assigns, customer and the user of its damages recoverable by Buyer arising out of breach of warranty.

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9. Inspection. All articles are subject to inspection and test at place of manufacture or at destination, or at both places, by Buyer's representatives, and in case of orders to be supplied to, or for the use of, the Government, subject to inspection and test by representatives, of the Government. Any rejected material will be held subject to Seller's order and risk, or at Buyer's option, will be returned to Seller at Seller's expense. Any inbound transportation charges applicable to the rejected portion will also be charged to the Seller's account.

10. Independent Contractor. The Seller shall perform hereunder as an independent contractor and not as an employee or agent of the Buyer.

11. Indemnity Against Damages and Liens. In case the Seller performs work hereunder on the Buyer's land and premises the Seller shall indemnify and save the Buyer harmless from and against any and all damages for injuries caused to persons or property by reason of the Seller's operations hereunder other than for such damages caused by the negligence of the Buyer or his agents and further the Seller shall indemnify and save the Buyer harmless from and against any and all liens upon such land and premises, including without limitations, liens for labor performed and materials furnished, attaching as a result of any act or omission to act by the Seller or his subcontractors, and the Seller shall also procure at Seller's expense the discharge, release or satisfaction of any and all notices of intention or other evidence of such liens or claims thereto.

12. Insurance. In accepting this order you agree that you obtained or will obtain Public Liability Property Damage and Workmen's Compensation insurance covering your activities in performance under this order and of character and amount satisfactory to use and you agree to furnish us with a certificate before you engage in such performance.

13. Changes-Specification. Buyer shall have the right by written order to make changes from time to time in the work to be performed or the materials to be furnished by Seller hereunder. If such changes cause an increase or decrease in the amount due under this Order or in the time required for its performance, an equitable adjustment shall be made and the order shall be modified in writing accordingly. Any claim for adjustment must be asserted in writing within fifteen days from the date change is ordered. Nothing contained in the clause shall, relieve Seller from proceeding without delay in the performance of this order as changed.

14. Contingencies. Neither party hereto shall be liable to the other for default or delay in delivering or accepting goods hereunder if caused by fire, strike, riot, war, act of God, delay of carriers, governmental order or regulation, complete or partial shutdown of plant by reason of inability to obtain sufficient raw materials or power and/or any other similar or different contingencies beyond the reasonable control of the respective parties.

15. Default-Bankruptcy-Cancellation. Buyer may cancel this order in whole or in part any time by written or telegraphic notice whenever Seller shall default in performance or shall so fail to make progress in the work

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as to endanger performance, except that this Purchase Order shall not be terminated for such default where the default is due to causes beyond, control of the Seller, and without its default or negligence.

16. Tools and materials. Buyer shall retain title to any designs, sketches, drawing, blueprints, patterns, dies, models, molds, tools, plates, cuts, special appliances and materials furnished by or paid for by Buyer in connection with this Order. They shall be recorded and identified as property of Buyer and retained by Seller on consignment, subject to examination by Buyer. They shall be at Seller's risk and shall be replaced by Seller on consignment, subject to examination by Buyer. They shall be at Seller's risk shall be replaced by Seller if lost, damaged or destroyed. They shall be maintained in good condition At Seller's expense and kept insured by Seller with loss payable to Buyer. Such facilities shall be used exclusively in the production for Buyer of articles required by the Order and shall not be used for production of larger quantities than those specified herein, or in the production, manufacture, or design of any article for any other person without consent of Buyer. Such facilities shall be subject to disposition by Buyer at any and all time; and upon demand, they shall be returned to Buyer, including any unused materials furnished by Buyer and all spoiled or defective materials or products which contain any secret or patented device, unless Buyer shall otherwise direct. Nothing in this paragraph shall be construed as imposing any obligation on Buyer to furnish any such facilities.

17. Taxes: Except as may be otherwise provided in this order, the contract price shall include all applicable Federal, State and Local taxes of any kind in effect on the contract date.

18. Patient Indemnity: Seller agrees to defend, indemnity and save harmless the Buyer, its successors, assigns, and/or its customers in any and all suits brought for infringement of Letters Patient by reason of the use of equipment of materials furnished hereunder by the Seller except where such equipment or materials is furnished upon drawings or designs furnished by Buyer.

19. Confidential Relationship: Seller agrees to treat as strictly secret and confidential all specifications, drawings, blueprints, nomenclature, samples, models and other information supplied by Buyer. Unless the written consent of Buyer is first obtained. Seller shall not in any manner advertise or publish or release for publication any statement mentioning Buyer or the fact that Seller has furnished to Buyer articles required by this Order, or quote the opinion of any employees of Buyer. Seller shall not disclose any information relating to this. Order to any person not entitled to receive it.

20. Notice of Labor Disputes: Wherever an actual or potential labor dispute is delaying or threatening to delay the performance of this Order. Seller shall immediately give notice thereof to Buyer.

21. . Waiver: No waiver of any of the provisions contained in this Order shall be valid unless made in writing and executed by both parties. No charges beyond the contract price herein specified will be allowed except with Buyer's written consent. Failure of Buyer to insist upon strict performance shall not constitute a waiver of any of the provisions of the order or waiver of any other default.

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22. Affirmative Action Employer: COMPLIANCE WITH LAWS AND REGULATIONS. Both Buyer and Seller shall comply with all Federal, State and Local laws and regulations applicable to their actions in connection with this Purchase Order, including i) all rules and regulations (including those of the Secretary of Labor) and Executive Orders (including Nos. 11246, 11375, 11625, 11701, 11758) applicable to this Purchase Order regarding nondiscrimination because of race, creed, color, sex, age, national origin, and physical or mental handicap, and ii) the affirmative action commitments for veterans and individuals set forth in 41 CFR 60 et seq. (including 41 CFR 60 – 1.4, 41 CFR 60 -300.5(a) which are incorporated herein by reference) and related regulations. By accepting this Purchase Order, Seller certifies that it complies with the authorities cited above, and that it does not maintain or perform services at segregated facilities

23. Compliance with Laws: Seller shall comply with all Federal, State and Local Laws applicable to this order.

U.S. GOVERNMENT CONTRACTS

24. In the event seller is furnished Government-Owned property for use in connection with this Order.
Seller shall establish property control procedures in accordance with the provisions of the "Manual for Control of Government Property I Possession of Contractors" dated 3 January 1955 has amended (Section XIII, Appendix 'B' to Armed Services Procurement Regulation).

25. Termination: The termination clause set forth in Section B-706 of the Armed Services Procurement Regulations as in effect on the date of this Order. Is hereby incorporated herein by reference, except that if there is no Government contract number referred to on the face of the Order, the term 'the Government' and its immediately preceding words "and", "or", "by", wherever appearing in said clause shall be deemed deleted. The provisions of this clause shall not limit or affect the rights or remedies of
Buyer stated in other clauses of this Order or provided by law in the event of default or breach by Seller.

26. Employment of aliens: No aliens employed by Seller shall be permitted to have access to the plans or specifications or the work under production, or to participate in the contract trials without the prior written consent of the secretary of the military department concerned.
27. Security: To the extent that this Order involves access to security information classified "Top Secret", "secret", or "Confidential", the Seller shall safeguard all classified elements of this Order and shall provide and maintain a system of security controls within its own organization in accordance with the requirements of the Department of Defense Industrial Security manual for Safeguarding Classified Security Information as amended from time to time and the government shall have the right to inspect at reasonable intervals the procedures, methods and the facilities utilized by Seller in complying with these requirements. Seller agrees to insert in all subcontracts hereunder which involve access to classified security information provisions conforming substantially to the language of the clause.

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28. . Buy American: Seller agrees that there will be delivered under this Order only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured supplies as have been manufactured in the United States substantially all from supplies mined, produced, or manufactured, as the case may be, in the United States, except that the foregoing shall not apply to supplies exempted pursuant to the provisions of the Buy American Act (41 U.S.C.A. Sec. 110a-d). Seller shall insert the provisions of the clause in the subcontracts.

29. . Renegotiation: This Order shall be subject to any Act of the Congress, whether heretofore or hereafter enacted and to the extent indicated therein, providing for the renegotiation thereof and shall be deemed to contain all the provisions required by such Act without subsequent amendment of this Order specifically incorporating such provisions. Seller shall insert the provisions of this clause in all subcontracts under this Order.

30. Licenses: If this Order is for $3,000 or more and involves experimental, development of research work, the provisions of the current patent rights clause (9-107.2) of Armed Services Regulations are herein incorporated.

31. Uniform Subcontract Termination Article: In the event of termination of this Order except for default of Seller, settlement shall be made by negotiation substantially in accordance with the procedure and formula set forth in the Termination Article of the prime contract under which this Order is issued (a copy of such applicable Termination Article will be made available by Buyer to Seller upon request).

32. . Records: The Comptroller General of the United States or the Department of the Air Force or any of his duty authorized representatives shall until the expiration of three years after final payment hereunder, except that the three year period should be changed to read six years for any subcontract which is on a cost, CPFF, time and material, or labor hour basis, have access to and the right to examine any directly pertinent books, documents, papers and records of Seller involving transactions related to this Order.

33. Compliance with other laws: Seller will comply with all Federal, State and municipal laws, rules and regulations that may be applicable to this Order and at the request of the Government or Buyer, will furnish certificates to the effect that it has complied with the same certificates to the effect that it has complied with the same.

The following are requirements for all AS9100 Purchase Orders

34. The Seller is required to notify the buyer of all non-conforming products, and make arrangement for the organization approval of Seller's nonconforming material.

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35. The Seller is required to notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval.

36. The Seller will grant right of access to the buyer, their customer, and regulatory authorities to all facilities involved in the order and to all applicable records, this includes sub tier suppliers

37. The Seller is required to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.

38. Seller requires supplier and sub-tier suppliers to keep process records on critical process for ten (10) Years. Records shall be made available upon request within 48 hours. Record disposition and disposal shall be carried out in a manner that eliminates the possibility of fraud or stolen property.

39. Supplier shall prevent and mitigate the use of counterfeit parts. Supplier shall comply with the requirements of AS5553 for electronic components and AS6174 for non-electronic product as applicable.

40. All personnel performing work under the control of the supplier shall be made aware of their contribution to product and service conformity, product safety, and the importance of ethical behavior

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