



PURCHASE ORDER TERMS AND CONDITIONS FOR GOODS AND SERVICES

1. Definitions

1.1. "Buyer" means Cobham Mission Systems Davenport LSS Inc. & Cobham Mission Systems Davenport AAR Inc., both at 2734 Hickory Grove Rd., Davenport, IA. 52804; or Cobham Mission Systems Orchard Park Inc., 10 Cobham Drive, Orchard Park, NY 14127.

1.2. "Supplier" means the company named on the purchase order ("PO") issued by Buyer which references these Purchase Order Terms and Conditions for Goods and Services.

1.3. "Buyer's Authorized Representative" means the individual(s) with authority to bind Buyer to purchase Goods or Services from Supplier and excludes all manufacturing, operations, engineering, quality, finance or other of Buyer's personnel. For purposes of these Terms, Buyer's Authorized Representative is the buyer placing the purchase order ("PO") with Supplier and his or her direct management.

1.4. "Buyer and End Users" collectively means Buyer and its customer, and any other third party purchaser involved in the re-sale of Supplier's Goods or Services to the end user, the end user of Supplier's Goods or Services, and any government regulatory or other governmental authority.

1.5. "Intellectual Property Rights" means, to the extent that any of the following are recognized in any jurisdiction worldwide, any industrial and intellectual property or proprietary rights, whether registered or unregistered, legal or beneficial, including without limitation registered or otherwise protected trademarks and service marks, protections from trademark dilution, good will associated with service marks and trademarks, patents (including applications for patent protection), trade secrets, know-how, trade names, database rights, moral rights, designs, copyrights, mask works, publicity rights, Confidential Information (as defined in the confidentiality agreement between Buyer and Supplier, and rights in confidentiality or confidence.

1.6. "Tooling and Buyer's Property" means any tooling and other tangible property, including without limitation equipment, patterns, plates, artwork, gauges, models, components, parts, sub-assemblies, raw materials, or other consumable or non-consumable materials, furnished by Buyer to Supplier for performance of a PO or that Supplier may create or purchase at Buyer's expense in performance of the PO, including all Intellectual Property Rights pertaining thereto.

1.7 "Confidential Information" means all information in respect of the business of a Party including, without prejudice to the generality of the foregoing, any ideas, business methods, prices, business, financial, marketing, development or manpower plans, customer lists or details, computer systems and software, products or services, including but not limited to know-how or other matters connected with the products or liability arising under any indemnity.

2. Order Acceptance

2.1. Supplier acknowledges that these Purchase Order Terms and Conditions for Goods and Services ("Terms") are posted on Buyer's websites (<http://www.cobham.com/mission-systems/customer-service/service-and-support/davenport/davenport-supplier.aspx>) (https://www.cobhammissionsystems.com/cms/orchard_park/suppliers) and not physically attached to the PO. The Terms may change from time to time without notice to Supplier.

2.2. The PO constitutes an offer by Buyer to purchase certain goods or services ("Goods" and "Services," respectively) from Supplier as described on the face of the PO. Such offer will become a binding contract only when the PO is accepted by Supplier. Notwithstanding anything to the contrary in this Section 2, the following constitutes Supplier's unconditional acceptance of the PO:

- a writing expressly stating Supplier's acceptance or acknowledgment of the PO from Supplier's authorized representative within five (5) business days after the date of receipt of the PO If Supplier does not accept or reject the Order within the said

five (5) day period, the Order shall be deemed accepted by Supplier and should Supplier commence work under the Order, it shall be deemed to have been accepted the Order by performance;

- commencing performance of any part of the PO;
- shipment of Goods or performance of Services; or
- acceptance of Buyer's payment.

2.3. The contract between Buyer and Supplier consists of the following documents:

- if the PO states a U.S. Government prime contract number, the flow downs identified in Schedule 1;
- any other terms set out on the face of the PO or referenced in the PO, including without limitation additional Schedules;
- the specifications, designs, drawings, and similar technical documents provided by Buyer to Supplier with respect to the Goods or Services as identified on the PO.
- the confidentiality agreement between Buyer and Supplier in effect as of the date of each PO;
- these Terms;
- if the PO is issued by an entity in Davenport, IA, the items identified in Schedule 2;
- if the PO is issued by an entity in Orchard Park, NY, the items identified in Schedule 3.

2.4. In the event of a conflict among the documents identified in Section 2.3, the document that appears first will have precedence over any subsequent documents. Supplier will notify Buyer promptly of any conflict that is not resolved by this Section 2.4.

2.5. Supplier's acknowledgement is expressly limited to the terms of the PO. If the PO is for Goods, Buyer hereby objects to any terms proposed by Supplier which add to, vary from, or conflict with the terms of the PO. Any such proposed terms do not operate as a rejection of Buyer's offer to purchase, but are deemed a material alteration, and Buyer's offer will be deemed accepted by Supplier without said additional or different terms. THE PARTIES EXPRESSLY AGREE TO THE TERMS AND CONDITIONS OF THE CONTRACT AS DESCRIBED IN SECTION 2.3. NO TERMS CONTAINED IN ANY ORDER, ACCEPTANCE, ACKNOWLEDGEMENT, REGISTRATION FORM, QUOTATION, PROPOSAL, INVOICE OR OTHER WRITING WILL BE BINDING ON THE PARTIES UNLESS SPECIFICALLY AGREED TO IN WRITING AND SIGNED BY THE PARTIES' AUTHORIZED REPRESENTATIVES. Supplier expressly agrees that any handwritten, typed in, lined-out, initiated or other changes to the face of the PO or terms or conditions stated on its acknowledgement, invoice, or other document are null and void.

2.6. Supplier may not cancel a PO after Supplier has accepted or acknowledged the PO in accordance with Section 2.2.

2.7. Notwithstanding anything to the contrary in Section 2.5, Buyer may accept a term or condition proposed by Supplier so long as Buyer's Authorized Representative accepts Supplier's proposed term in writing and references such term on the face of the PO.

2.8. The Goods or Services ordered under the PO may only be changed or modified in accordance with Section 17. Buyer's Authorized Representative is the only individual with authority to bind Buyer contractually, whether to terms and conditions, technical requirements, quality requirements, or any other requirements of the PO or to changes to such requirements. By way of clarification and not limitation, the ordered Goods or Services may not be modified or changed by email or other writing or by verbal communication with any of Buyer's personnel, except Buyer's Authorized Representative. If Supplier makes any modification or change based on such written or verbal communications with any other of Buyer's personnel without first obtaining prior written approval for such modification or change from Buyer's Authorized Representative, Buyer reserves the right to reject the affected Goods or Services without any liability whatsoever to Supplier. Supplier will reimburse Buyer for shipping costs incurred by Buyer to take delivery of and to return such rejected Goods to Supplier.

2.9. Notwithstanding anything to the contrary in this Section 2, if Buyer and Supplier have executed a separate purchase agreement which governs the sales of Goods or Services covered by the PO, the terms and conditions of such purchase agreement govern and these Terms do not apply.

3. Price and Payment

3.1. Supplier will invoice Buyer for Goods delivered and Services rendered in accordance with a PO at the price stated on the PO. Goods delivered or Services provided against a PO will not be invoiced at a higher price than shown on the face of the PO without the prior written consent of Buyer's Authorized Representative.

3.2. The pricing on the PO and on Supplier's invoice will be stated in US Dollars.

3.3. Supplier's prices are all inclusive, except for charges for items identified separately from the Goods or Services on the PO.

Supplier's invoice must separately itemize any transportation charges, including without limitation foreign inland freight, and insurance and taxes, as applicable. Notwithstanding the foregoing, Supplier will comply with Section 7 regarding payment for freight charges. Buyer will not pay any charges for packing, labeling, commissions, customs or other duties or tariffs, storage, crating, expedited or express handling or transportation, or travel or related expenses, unless identified separately from the Goods or Services on the PO.

3.4. Buyer will not accept any invoice issued before receipt of the Goods or performance of the Services identified on the invoice.

- If the PO does not state any pricing, Supplier will charge Buyer the lowest of:
- the price last quoted by Supplier;
- the price last paid by Buyer; or
- the prevailing market price, unless a higher price is approved in writing by Buyer's Authorized Representative.

3.5. Payment Terms

- Payment terms are noted on the purchased order.
- Default payment terms are **75 days**. Buyer will pay Supplier's invoice net seventy five (75) days from the date of Buyer's receipt of a proper and accurate invoice for conforming Goods delivered or accepted Services pursuant to the PO, except in case of a valid dispute. In case of a valid dispute, Buyer will timely pay all undisputed portions of Supplier's invoice.
- Discount payment terms (example 2% Net 10) or negotiated terms between buyer and the supplier will take precedence over default 75 day terms.

3.6. Buyer may deduct or set off any amounts owed by Supplier to Buyer against amounts otherwise due to Supplier under the PO or under any other contract between Buyer and Supplier.

4. Forecasts

Buyer may from time to time provide Supplier with forecasts of its needs for Goods or Services. Unless stated otherwise on the PO, such forecasts do not create and will not be construed to create any obligation of Buyer to purchase Goods or Services from Supplier.

5. Confidentiality Obligations

5.1. Each party agrees to maintain Confidential Information received from the other in confidence and not to use or disclose such Confidential Information, without the prior written approval of the disclosing Party, except as required to comply with any order of a court or any applicable rule, regulation or law of any jurisdiction. Confidential information shall not include that which:

- 5.1.1 is in the public domain prior to disclosure to the receiving Party;
- 5.1.2 becomes part of the public domain through no unauthorized act or omission on the part of the receiving Party;
- 5.1.3 is lawfully in the possession of the receiving Party prior to disclosure by the disclosing Party; or
- 5.1.4 is independently developed by employees of the receiving Party with no access to the Confidential Information

5.2 In the event that a receiving party is required by judicial or administrative process to disclose Confidential Information of the disclosing Party, it shall promptly notify the disclosing Party and all the disclosing Party a reasonable time to oppose such process. Each Party agrees that the Confidential Information shall be disclosed only on a need-to-know basis to its employees, officers, directors, Affiliates, agents, professional advisors or others that are likewise subject to a confidentiality obligation. Each Party will ensure that all such persons to whom it discloses Confidential Information will comply with the provisions of this clause 5. Each Party shall protect the Confidential Information of the other by using the same degree of care, but not less than a reasonable degree of care, to prevent the unauthorized disclosure or use thereof that such Party uses to protect its own confidential information of like nature. The Parties hereby acknowledge that damages may not be an adequate remedy for any breach of this clause and that either Party will therefore be entitled to apply for injunctive relief from any court of competent jurisdiction to restrain any breach or threatened breach of this clause.

5.3 Upon termination or expiration of this Agreement, each Party agrees at the request of the other Party to destroy and certify destruction thereof of all Confidential Information in its possession received from the other save insofar as the receiving Party needs such Confidential Information to fulfil its post-termination obligations to the other Party or to customers.

5.3. If Supplier and any of its employees, representatives or agents is provided access to any of the computer resources or systems of Buyer and End Users for purposes of performing a PO, as a condition to being granted such access, Supplier agrees to execute and to cause its employees, representatives or agents individually to execute a separate confidentiality agreement regarding the appropriate use of such computer resources and systems. Such an agreement will be executed before the person is permitted access to such

computer resources or systems. Supplier agrees to comply with all of the policies and procedures of Buyer and End Users related to access to and use of such computer resources and systems.

5.4 Buyer shall have the right to use, disclose and copy Buyer's Confidential Information for the purposes of testing, certification, use, sale, or support of any item delivered under this PO, Agreement, or any airplane including such an item; and any such disclosure by Buyer shall, whenever appropriate, include a restrictive legend suitable to the particular circumstances. Supplier agrees that the use of Buyer Confidential Information as defined in this section and section 39.10 beyond that authorized by this Agreement shall be subject to a license agreement or other written instrument as determined by Buyer.

6. Warranties

6.1. Supplier will provide at its sole cost all labor, materials, tools, equipment, personnel, supervision, and facilities necessary to produce the Goods or perform the Services described in the PO, in strict accordance with its terms and any schedules, specifications, drawings, quality and other requirements, and other terms specifically referenced in the PO, except for any Tooling and Buyer's Property provided by Buyer to Supplier. Any Goods or Services not produced as described in the PO and any accompanying/incorporated documents are considered defective Goods or defective Services, respectively.

6.2. Supplier warrants that it has good and warrantable title to the Goods free and clear of all liens.

6.3. Supplier warrants that it has or has obtained all rights necessary to grant Buyer any license rights set out in these Terms or a PO or any license rights necessary for Buyer to use the Goods or Services provided by Supplier.

6.4. In addition to any implied or other warranties prescribed by applicable law, Supplier warrants that the Goods:

- are wholly new and contain new components and parts throughout, and do not contain any used or reconditioned components or parts;
- conform to all applicable specifications, drawings, quality and other requirements, and other terms of the PO, including without limitation the SPOCs identified on the face of the PO;
- are free from defects in material and workmanship, notwithstanding Buyer's inspection and acceptance;
- are free from design defects, to the extent that the Goods are not manufactured pursuant to detailed designs, drawings, specifications or other instructions developed by Buyer and furnished to Supplier that do not require research, development, or design work by Supplier; and
- are fit for a particular purpose, if Supplier knows or has reason to know the particular purpose for which Buyer intends to use the Goods.

6.5. For a period of thirty-six (36) months from the date of Buyer's acceptance of the Goods, Supplier will, at Buyer's sole option and upon written notice from Buyer, repair or replace any defective Goods, or refund the purchase price paid by Buyer for such defective Goods. The replacement or repaired Goods will be provided to Buyer no later than ten (10) days after the date of Buyer's notice or such earlier time period as Buyer may specify in its notice. Supplier will warrant repaired or replaced Goods re-delivered to Buyer for a period of thirty-six (36) months from the date of Buyer's acceptance of the repaired or replaced Goods. Nothing in this Section 6 prohibits Buyer from exercising its rights as described elsewhere in this Agreement.

6.6. Supplier is responsible for and will reimburse Buyer for the costs of packing, shipping, and transporting defective Goods back to Supplier and for redelivery of conforming Goods to Buyer.

6.7. Buyer may during the warranty period described in Section 6.5 elect by written notice to Supplier to perform or to have a third party perform warranty repairs on defective Goods. If Buyer elects to perform the warranty repairs Supplier agrees to be billed at an hourly rate of \$125 per labor hour. If Buyer elects to have a third party repair the defective Goods Supplier shall reimburse Buyer for Buyer's direct costs of having such goods repaired by a third party.

6.8. With regard to Services unrelated to the provision of Goods, Supplier warrants that:

- each of its employees, representatives or agents assigned to perform Services will have the proper skill, training and background so as to be able to perform the Services in a competent and professional manner; and
- the Services will conform to the description of the Services, statement of work, specifications, requirements, and other terms of the PO.

6.9. Supplier will, at Buyer's sole option and upon written notice from Buyer, re-perform at its sole cost any Services not in compliance with the warranties set out in Section 6.8. Buyer also reserves the right to perform the Services itself or have a third-party perform the services. If Buyer elects to perform the Services itself Supplier shall be billed at a rate equal to the rate paid to Supplier for the Services. If Buyer elects to have a third party perform the Services Supplier shall reimburse Buyer for Buyer's direct costs of having said Services performed by a third party.

6.10. Supplier agrees to pay a \$200 Poor Quality Administration Charge for each occurrence of non-conforming Goods or Services.

6.11. Any sums owed to Buyer from Supplier as a result of any act or omission of Supplier under this Agreement shall be paid in accordance with the payment terms agreed to on the PO (i.e. if the payment terms of the PO are net 75 days then Supplier must reimburse Buyer net 75 days from the receipt of invoice). Buyer may also deduct sums payable to Buyer as a result of Supplier's breach of warranty from Supplier's invoices without advance notice to Supplier.

6.12. The warranties set out in this Section 6 will run to Buyer and End Users and their respective successors and assigns. In addition, Supplier will extend all warranties it receives from its lower-tier suppliers to Buyer and End Users and their respective successors and assigns.

6.13. Supplier agrees that it will not file or otherwise make a claim for a security interest in the Goods pursuant to Uniform Commercial Code Article 9.

6.14. Breach of any warranty set forth in this Section 6 constitutes a material breach of the PO and entitles Buyer to all its remedies in law or in equity in accordance with the terms of the PO. Buyer may deduct all of its substantiated direct costs resulting from Supplier's breach of warranty from Supplier's invoices without advance notice to Supplier.

6.15. In addition to the liabilities specifically mentioned in this section Supplier shall be liable to Buyer for all damages, costs (including the cost of procuring the item from another source), expenses, and other sums incurred or charged that Buyer may suffer in connection with any acts or omissions of Supplier under this Agreement or the order.

7. Shipping and Freight

7.1. If Supplier is located in the U.S., it will deliver Goods FCA origin (Incoterms 2010). Supplier will ship Goods to Buyer "collect" via the carrier and service level specified on the PO or as directed in writing by Buyer's Authorized Representative.

7.2. If Supplier is located outside the U.S., it will deliver Goods FCA (Incoterms 2010) Buyer's designated freight forwarder in the U.S.

7.3. Title will pass to Buyer when (a) Supplier makes the Goods available to Buyer's carrier pursuant to Section 7.1; or (b) Supplier delivers the Goods to Buyer's designated freight forwarder pursuant to Section 7.2.

7.4. If specified in the PO, Supplier will ship Goods to a third party on Buyer's behalf "third party billing" via the carrier and service level specified on the PO and reference the account number stated on the PO, or as directed in writing by Buyer's Authorized Representative.

7.5. Supplier will not pre-pay any freight changes or change the choice of carrier or carrier service level specified on the face of the PO.

7.6. Buyer's Authorized Representative must approve any deviations from this Section 7 prior to shipment. In case of a breach of this Section 7, Buyer reserves the right to deduct from Supplier's invoices: (a) any unauthorized freight charges; and (b) a service charge of \$250.00.

8. Packing and Labeling

Goods will be packed and shipped by Supplier in accordance with good commercial practice and Buyer's instructions.

9. Delivery

9.1. Supplier will adhere strictly to the delivery or completion schedule in the PO, except that Supplier may deliver Goods no more than five (5) working days prior to the delivery date stated on the PO. Supplier will deliver the quantity of Goods identified in each line item all in the same installment, unless Supplier receives prior written approval from Buyer's Authorized Representative.

9.2. Any failure to make timely delivery of any Goods or timely performance of any Services constitutes a material breach of the PO and entitles Buyer to all its remedies in law or in equity in accordance with these Terms. Supplier is responsible for all of Buyer's substantiated costs resulting from Supplier's late delivery. Buyer may deduct sums owed to it as a result of Supplier's late delivery from Supplier's invoices without advance notice to Supplier. Any sums owed to Buyer from Supplier as a result of late delivery shall be paid in accordance with the payment terms agreed to on the PO (i.e. if the payment terms on the PO are net 75 days then Supplier must pay buyer net 75 days from the receipt of invoice). In addition, Supplier agrees to pay to Buyer a late delivery penalty of .50% of the total value of the PO each day the delivery is late. Said late delivery penalty shall be capped at 15% of the total value of the PO. Buyer may also deduct sums owed to Buyer from Supplier's invoices without advance notice to Supplier.

9.3. Supplier will not, without prior written approval from Buyer's Authorized Representative, manufacture or procure materials in advance of Supplier's normal lead time or deliver in advance of schedule, except for the early delivery allowed in Section 9.1. In case of a termination or change, no claim will be allowed for any such manufacture or procurement in advance of lead time or schedule, except for the early delivery allowed in Section 9.1, unless Supplier received prior written approval from Buyer's Authorized Representative.

9.4. If at any time Supplier believes it may be unable to comply with the delivery or completion schedule on the PO, Supplier will immediately notify Buyer's Authorized Representative in writing of the anticipated length of and reasons for the delay. Supplier will continue to notify Buyer of any material change in the situation. Nothing in this Section 9.4 relieves or will be construed to relieve Supplier of its obligation to make timely delivery or will operate to waive or be construed as a waiver of any of Buyer's remedies for Supplier's late delivery.

9.5. Supplier is be solely responsible for all direct and indirect costs it incurs to meet the delivery or completion schedule, except for changes to the delivery or completion schedule as provided in Section 17.

10. Inspection, Acceptance, and Rejection

10.1. Goods or Services will be received subject to Buyer's right of inspection, rejection, acceptance and revocation of acceptance. Any defective Goods may be returned to Supplier, whether or not the defects are apparent on inspection.

10.2. Nothing in this Section 10 relieves Supplier of its obligations of testing, inspection, and quality control of the Goods or Services.

10.3. Any delivery of defective Goods or Services constitutes a material breach of the PO and entitles Buyer to all its remedies in law or in equity in accordance with these Terms. Buyer may deduct all of its substantiated direct costs resulting from Supplier's delivery of defective Goods or Services from Supplier's invoices without advance notice to Supplier.

10.4. Supplier is responsible for and will reimburse Buyer for Buyer's costs to unpack, examine, repack, and return defective Goods back to Supplier and for the cost of redelivery of conforming Goods to Buyer.

10.5. If Buyer rightfully rejects or otherwise does not take delivery of any Goods produced by Supplier that carry Buyer's name, trademarks, trade names, service marks, logos, decorative designs, insignia, symbols or other identifying marks, Supplier agrees to remove the same prior to any disposition of such Goods. Any disposition of such Goods will be in accordance with written instructions provided by Buyer's Authorized Representative, if any.

10.6. Buyer's payment of the Supplier's invoice prior to acceptance does not constitute acceptance of the Goods or Services.

11. Term; Survival

11.1. The term of a PO will commence on the date stated on the PO and will terminate automatically on the date of final payment to Supplier under the PO, unless the PO is earlier terminated pursuant to these Terms.

11.2. Notwithstanding the foregoing, the representations, warranties, indemnities and other terms and conditions of the PO which by their nature or context are intended to survive expiration or termination of the PO will survive such expiration or termination, including without limitation the obligations in Section 5, Section 6, Section 16, Section 18, Section 21, Section 24, Section 28, Section 29, Section 30, Section 31, Section 32, Section 33 and Section 35 of these Terms.

12. Stop Work

12.1. Upon written notice from Buyer's Authorized Representative, Supplier will stop work on all or any part of a PO in accordance with Buyer's order for a period of up to ninety (90) days or for such other period of time specified in Buyer's stop work order. Upon receipt of Buyer's order, Supplier will immediately comply with its terms and take all reasonable steps to minimize costs allocable to the work covered by the stop work order.

12.2. Before the end of the time period specified in the stop work order, Buyer will send written notice to Supplier either : (a) cancelling the stop work order; or (b) terminating the PO.

12.3. If Buyer terminates the PO, such termination will be considered a termination for convenience pursuant to Section 13.

12.4. Supplier will resume work immediately upon receipt of Buyer's cancellation of the stop work order.

12.5. If Buyer cancels the stop work order and the stop work order has resulted in an increase to the PO price or an extension of the PO schedule, or both, Buyer will make an equitable adjustment to the PO price or schedule, or both, of the affected Goods or Services, so long as Supplier provides Buyer with a claim for such equitable adjustment within thirty (30) days after the date of Buyer's cancellation of the stop work order. Buyer may, in its sole discretion, allow additional time for Supplier to submit its claim.

13. Termination for Convenience

13.1. Notwithstanding anything to the contrary in these Terms or the PO, Buyer will have the right to terminate the PO, in whole or in part, at any time, for its convenience by written notice to Supplier. The termination notice will state the portion of the work being terminated and the effective date of the termination.

13.2. Upon receipt of such notice, Supplier will immediately proceed as follows:

- stop all work in accordance with the notice and notify its lower-tier suppliers to stop work;
- place no further subcontracts or orders for materials, components, services, or facilities, except as necessary to complete any portion of the PO that is not terminated;
- settle all outstanding liabilities and termination settlement proposals arising from the termination of Supplier's lower-tier suppliers;
- take any other reasonable steps to reduce termination costs;
- continue performance of any portion of the PO that is not terminated;
- take any action necessary, or as directed by Buyer's Authorized Representative at Buyer's expense, for the protection and preservation of any Tooling and Buyer's Property affected by the termination which is in Supplier's possession and in which Buyer may have or may acquire an interest; and
- submit a termination settlement proposal within forty-five (45) days after receipt of the termination notice, or within such other time period as Buyer states in its notice, including a statement of the termination costs payable by Buyer to Supplier, actual costs incurred by Supplier in the performance of work covered by this Section 13.2, and costs incurred by any of Supplier's lower-tier suppliers in the performance of the terminated work.

13.3. Buyer will have the right to review and audit all elements of Supplier's termination claim, and Supplier will make available to Buyer on written request all books, records and papers relating there to. Buyer may inspect all completed or partially completed Goods and all purchased raw materials or components included in the termination proposal. After such review, Buyer and Supplier will endeavor to agree on a mutually satisfactory statement of the termination costs. Such termination costs will not in any case exceed Supplier's actual costs incurred, plus areas on able profit.

13.4. Upon receipt of payment of the termination claim, Supplier will promptly transfer title to Buyer of all completed and partially completed Goods and all purchased raw materials or components.

13.5. Supplier will dispose of or transfer such Goods within thirty (30) days after payment of the termination costs. Any such disposition will be in accordance with Buyer's written instructions and in accordance with Section 10.5.

13.6. The remedies provided in this Section 13 are Supplier's exclusive remedies for Buyer's termination for convenience. Supplier will have no other rights or remedies for Buyer's termination for convenience, including without limitation the remedies of specific performance or recovery of any indirect damages.

14. Termination for Default

14.1. Buyer may terminate the PO for default, in whole or in part, by written notice to Supplier, if Supplier:

- refuses or fails to provide reasonable assurances of future performance upon Buyer's written request;
- refuses or fails to make delivery of the Goods or perform the Services by the delivery or completion date;
- refuses or fails to deliver conforming Goods or Services;
- fails to comply with any material provision of the PO and does not cure such failure within ten (10) days after the date of receipt of Buyer's notice of default, or such other time period identified by Buyer in its notice; or
- becomes insolvent; fails to pay its debts as these become due, except as may be prohibited by applicable bankruptcy laws; makes a general assignment for the benefit of creditors; pursues any remedy under law relating to relief for debtors; or if a receiver is appointed for Supplier's property; or
- fails to perform as otherwise provided in the PO.

14.2. If Buyer terminates the PO in accordance with Section 14.1, Supplier will immediately stop work on the terminated portion of the PO. Supplier will immediately notify its lower-tier suppliers to stop work and protect and preserve any Tooling and Buyer's Property in Supplier's possession affected by the termination.

14.3. In the event of a default termination:

- Buyer will pay Supplier the PO price for conforming Goods or Services completed, delivered to and accepted by Buyer as of the date of termination.
- Buyer will have the right to purchase any partially completed Goods or raw materials or components purchased by Supplier for performance of the PO at an equitable price.
- Supplier will be liable to Buyer for all damages incurred as a result of Supplier's default, or at Buyer's sole option, to specific performance of the PO, including without limitation the fees described in Sections 6 & 9, the additional cost of procuring substitute Goods or Services from alternative suppliers and any penalties, late delivery charges, expedited shipping charges, or other charges paid by Buyer to its customer by reason of Supplier's default.
- Supplier will promptly return any Tooling and Buyer's Property in its possession.
- Supplier will return or destroy Buyer's Confidential Information in accordance with the applicable confidentiality agreement between Buyer and Supplier.
- Supplier will return any unamortized portion of non-recurring engineering ("NRE") costs paid to Supplier by Buyer.

14.4. In the event of a default termination pursuant to Section 14.1, Buyer will have no obligation to Supplier except as expressly set out in this Section 14.

15. Force Majeure; Labor Disputes

15.1. The obligations of the parties will be temporarily suspended in the event of or for any delay in performance that results from an act of God, war, riot, civil commotion strike or other labor disturbance, accident, fire, explosion, terrorism, epidemic, flood, lightning, earthquake, subsidence of soil, discontinuity in the supply of power or fuel, governmental interference or order, delay by carrier(s), or any other cause without the fault of or beyond the reasonable control of the affected party ("Force Majeure Event"). Any failure to perform in accordance with the PO by the affected party as a result of any Force Majeure Event will not be deemed a default. The party that is unable to perform or who is delayed in performance on account of a Force Majeure Event will timely provide the other party with written notice detailing the reason for non-performance or delayed performance and will recommence performance as soon as possible.

15.2. If Supplier's performance is delayed for more than sixty (60) days, or such longer period as the parties may agree in writing, but not to exceed one hundred eighty (180) days, Buyer may but is not required to terminate the affected PO, and neither party will incur any liability as a result of such termination.

15.3. Supplier will immediately notify Buyer in writing of any actual or potential labor dispute involving Supplier or any of its lower-tier suppliers that will or may delay or threatens to delay the timely performance of a PO. Such notice will include all relevant information regarding such labor dispute.

16. Traceability

16.1 Under the terms of this Agreement, Supplier shall have and operate a process to ensure that all Products, sub-assemblies and the components contained therein supplied to the Buyer are completely Traceable back to manufacturer by batch or lot or date code.

16.2. Further Supplier hereby agrees, unless directed otherwise by the Buyer, to procure components through franchised distributors or direct component Suppliers. Supplier agrees to indemnify and hold the Buyer harmless from and against all costs and expenses for the removal, repair or replacement and reinstallation of counterfeit components incorporated into a Product sold by Supplier to the Buyer where the counterfeit component was procured by Supplier from a person or entity other than a franchised distributor or direct component Supplier or other person or entity pre-approved by the Buyer in writing.

16.2.1. Supplier will:

16.2.1.1. require that its Suppliers provide a Certificate of Conformance with each component shipment;

16.2.1.2. perform incoming inspections of components and paperwork to ensure conformity to Specification; and

16.2.1.3. maintain and document incoming inspection specifications used for each component used in manufacturing Products. The foregoing obligations of this **Section 12.2.1** shall not apply to components consigned or sold to Supplier from the Buyer.

16.2.2. If components are not purchased from an original equipment manufacturer, franchised distributor or without full traceability and manufacturers certificates, Supplier will ensure that prior written approval has been obtained from the Buyer before using such components and that the approving permit number shall be cross referenced on Supplier's release certification. To obtain the Buyer's approval Supplier may have to, at the Purchases sole option and at Suppliers cost, perform the following:

16.2.2.1. check with the original equipment manufacturer that the date and batch codes identified on the Certificate of Conformity are genuine; and

16.2.2.2. complete or arrange for actual component testing on a representative sample of the components to verify their conformance to specification.

16.2.3. For components purchased from the Buyer Supplier shall maintain the traceability back to the paperwork provided by the Buyer as part of the components transfer.

17. Changes

17.1. Buyer may at any time by advance written notice to Supplier make changes to quantities, specifications, delivery or completion schedule, or any other term or condition of the PO. Any such change may only be made by Buyer's Authorized Representative by issuing a revised the PO.

17.2. If the proposed change affects the price or delivery or completion schedule, or both, Supplier will submit to Buyer an equitable adjustment proposal within thirty (30) days after the date of Buyer's change notice, or within such other time period as Buyer may specify in its notice. Buyer and Supplier will negotiate the change proposal and agree to a reasonable equitable adjustment to the price or delivery or completion schedule, or both.

17.3. If Buyer's change notice directs Supplier to implement the change immediately, Supplier will promptly proceed to implement such changes in accordance with the terms of Buyer's written notice. Buyer and Supplier will promptly negotiate Supplier's change proposal, if any, in accordance with Section 17.2.

17.4. Except as may be directed or agreed in writing by Buyer's Authorized Representative, Supplier will not make any change to any aspect of the Goods or Services. If Supplier makes any such change without the prior written approval of Buyer's Authorized Representative, Buyer reserves the right to reject the affected Goods or Services without any liability whatsoever to Supplier. Supplier is responsible for and will reimburse Buyer for the costs of unpacking, examining, repacking, and returning the affected Goods back to Supplier and for redelivery of conforming Goods to Buyer.

18. Tooling; Buyer's Property

See Section 19

19. Design, Development and Non-Recurring Engineering Services

19.1. Supplier shall quote the life of any new Tools prior to these Tools being manufactured. This will be expressed as the number of parts capable of being produced by the Tooling. Supplier will be responsible for the maintenance and replacement of all Tooling where damage is caused to the Tooling by the acts or omissions of Supplier in not undertaking due care, maintenance and attention to the Tooling, negligence or willful misconduct of Supplier. Supplier shall transfer to the Buyer any transferable warranties on tooling.

19.2. Unless otherwise agreed between the Parties for extraordinary NRE costs (which will be discussed by the Parties), all NRE Item costs will be amortized into the Base Price over a 12-month period.

19.3. Full NRE Item costs for each Product will be quoted using the Buyer's Bid Template documents.

19.4. The amortization quantity should be clearly documented on the Buyer's Bid Template. Once the total amortization quantity for each Product has been delivered, Supplier shall subtract the amortization amount from the Base Price and establish a new Base Price for subsequent deliveries.

19.5. Lead times for all tooling are to be quoted by Supplier and accompanied by a detailed timing plan.

19.6. Supplier shall be responsible for the routine maintenance, storage, repair, usage and calibration (if calibration or other specialist requirements are required outside of routine maintenance, repair or usage and not caused by a lack of care or damage by Supplier, then such costs shall be agreed in advance and paid for separately by the Buyer) of all the Buyer furnished, Government furnished and or Government funded equipment tooling, test rigs, rigs and fixtures and/or test stands and Buyer acquired NRE Items in Supplier's possession for performance of this Agreement. Equipment not owned by Supplier which requires a National Institute of Standards and Technology traceable certificate of calibration will be quoted and submitted to the Buyer for approval prior to submitting equipment to third Party calibration. Supplier will track and file calibration certificates and schedules.

19.7. Supplier shall be responsible for the maintenance and replacement of all NRE Items within their useful life, fair wear and tear excepted. The Buyer shall have an option at any time, which shall be exercised by written notice to Supplier, to pay not more than the balance of the outstanding NRE Item cost for its outright ownership. In this event, Supplier shall subtract the amortization amount from the Base Price and establish a new Base Price for subsequent deliveries.

20. Subcontracting

Supplier will not subcontract for the design, development, production, or procurement of the whole or any substantial portion of the Goods or Services ordered under the PO without the prior written approval of Buyer's Authorized Representative. This prohibition does not apply to Supplier's purchases of standard components and other supplies or raw materials used to manufacture or assemble the Goods noted at the time of proposal. Any subcontracting permitted by Buyer does not and will not be construed to release Supplier from complying with all the requirements of the PO.

21. U.S. Government Contracts; Flow Downs to Lower-Tier Suppliers

21.1. If a U.S. Government contract number appears on the PO, Supplier will comply with the Federal Acquisition Regulation ("FAR"), Defense Federal Acquisition Regulation Supplement ("DFARS"), and other government agency clauses listed in Schedule 1.

21.2. Supplier will include in its contracts with its lower-tier suppliers (i.e., flow down to its lower-tier suppliers) all terms and conditions of the PO necessary for Supplier to comply with the requirements of the PO, including without limitation confidentiality, technical and quality requirements, technical data and software rights, the provisions of these Terms, and the FAR, DFARS, and other government agency clauses listed in Schedule 1. Supplier is liable to Buyer for Supplier's failure to flow down requirements to Supplier's lower-tier suppliers and for the failure of Supplier's lower-tier suppliers to comply with such flowed down requirements. Supplier will reimburse Buyer for all of Buyer's costs resulting from Supplier's failure to flow down requirements to its lower-tier suppliers and any failure of Supplier's lower-tier suppliers to comply with all flowed down requirements.

21.3. Supplier will provide Buyer with an express acknowledgement of the Defense Priorities and Allocations System ("DPAS") rating in a PO and comply with such DPAS rating. Supplier will flow the DPAS rating down to its lower-tier suppliers.

21.4. Supplier will provide Buyer with such representations and certifications as Buyer may request from time to time related to performing U.S. Government contracts.

21.5. The Contract Disputes Act is not applicable to this Purchase Order and nothing herein provides or grants Seller a direct claim or cause of action against the U.S. Government.

22. Communications/Reports/Meetings

22.1. Supplier will not communicate directly with Buyer's customer or any other third party purchaser involved in the re-sale of Supplier's Goods or Services to the end user or any government regulatory or other governmental authority regarding the contents of these Terms or the PO or any aspect of performance of the PO without the prior written approval of Buyer's Authorized Representative.

22.2. Buyer may request from time to time that Supplier provide reports, data and other information regarding its performance of a PO or regarding the Goods and Services purchased by Buyer from Supplier.

22.3. Buyer may request that Supplier meet with Buyer from time to time to review and discuss matters relating to performance of a PO or the Goods and Services purchased by Buyer from Supplier.

22.4. Each party will bear its own costs to fulfill the terms of Section 22.2 and Section 22.3, unless Buyer's Authorized Representative provides Supplier with prior written approval to pay for or reimburse Supplier for the specific costs identified in Buyer's approval.

23. Continuous Improvement; Cost Reduction

23.1. The parties agree that competitive pressures necessitate a program of continuous improvement. Buyer and Supplier will cooperate in good faith to implement a cost reduction program for each Good ordered by Buyer from Seller. Such program will include without limitation exploring new technologies, component cost reduction, productivity improvements, value engineering, quality and reliability improvements, and improvements to manufacturing processes (including without limitation cycle time and assembly costs). Such continuous improvement program may also include Supplier establishing or supporting the establishment of an off-shore manufacturing capability, purchasing raw materials or components from off-shore or low cost lower-tier suppliers, or cooperating with Buyer to identify or establish off-shore or low cost lower-tier suppliers. Each opportunity will be evaluated and approved by Buyer and Supplier for its potential benefit(s), taking into account all engineering, re-qualification and other costs required to implement the opportunity.

23.2. Any cost savings achieved by Supplier as a result of implementing cost reductions proposed solely by either Supplier or Buyer or proposed jointly by the parties will be shared equally (50/50) by the parties. By way of illustration and not limitation, if a process improvement reduces the manufacturing labor cost of a Good by \$10.00, Supplier will reduce the price of the effected Product by \$5.00.

23.3. The parties also agree to explore productivity and quality improvements. The parties agree to cooperate regarding reduction of lead times for Goods and components of Goods, including without limitation Supplier stocking of long lead items, re-engineering Supplier's manufacturing processes, and re-design of the affected Goods.

23.4. Supplier will promptly notify Buyer in writing of any cost reductions applicable to a Good or Service purchased by Buyer from Supplier.

23.5. At least semi-annually, or such other time period as the parties may agree, or as Buyer may request from time to time, the parties will meet in accordance with this Section 23 to discuss potential cost improvements.

24. Export/Import Rules

24.1. Supplier will comply with all laws and regulations governing the importation of goods into the United States Customs Territory.

24.2. Supplier will notify Buyer whether the Goods or Services provided under a PO are controlled by the Export Administration Regulations ("EAR") of the U.S. Department of Commerce, the International Traffic in Arms Regulations ("ITAR") of the U.S. Department of State, or regulations promulgated by the U.S. Department of the Treasury or any other government agency, and provide any other information reasonably requested by Buyer from time to time regarding export control of the Goods or Services. Said information shall include, but not be limited to: the name, description, Supplier part number, jurisdiction/classification of the Goods and other related information.

24.3. If Supplier is located outside the United States Custom Territory, Supplier will comply with all applicable foreign import, export, or customs laws or regulations.

24.4. All Goods, unless exempted, will be marked with the country of manufacture of the Goods in a conspicuous place as legibly, indelibly, and permanently as the nature of the Good (or its container) permits.

24.5. Supplier's failure to comply with this Section 24 constitutes a material breach of the PO and entitles Buyer to all its remedies in law or in equity in accordance with these Terms. Buyer may deduct all of its substantiated direct costs resulting from Supplier's failure to comply with Section 24 from Supplier's invoices without advance notice to Supplier.

24.6 The Party conducting the export shall be responsible for obtaining the required authorizations. The Party conducting the re-export shall be responsible for obtaining the required authorizations. Each Party shall reasonably cooperate and exercise reasonable efforts to support the other Party in obtaining any necessary licenses or authorizations required to perform its obligations under this Agreement.

24.7 The Party providing any Items under this Agreement shall, upon request, notify the other Party of the Items' Export Control Classification Numbers ("ECCNs") as well as the ECCNs of any components or parts thereof if they are different from the ECCN of the Item at issue.

24.8 To the extent that such Items, or any parts or components thereof, were specifically designed or modified for a military end use or end user, the Party providing such Items shall notify the other Party of this fact and shall also provide the other Party with written confirmation from the United States Department of State that such Items, and all such parts or components thereof, are not subject to the jurisdiction of the ITAR.

25. Insurance

25.1. Supplier will, at its sole expense, procure and maintain insurance of the types and in sufficient amounts to cover the insured risks identified in these Terms and each PO. At a minimum, Supplier will carry statutory workers' compensation insurance and general comprehensive or aviation insurance, or both, covering its liabilities under these Terms or a PO.

25.2. If the PO includes Services or otherwise requires Supplier to perform work on the premises of Buyer and End Users or any other third party, Supplier and its lower-tier suppliers, as applicable, will adhere to all work rules, safety standards, security requirements and other policies of Buyer and End Users or the third party as applicable to performing work on such premises. Supplier and its lower-tier suppliers, as applicable, will procure and provide evidence of any insurance required by Buyer and End Users or any other third party prior to performing work on such premises.

26. Software

26.1 When delivering a Product that contains software to Buyer, Supplier shall deliver all of the following:

26.1.1. the object code for the software;

26.1.2 the source code for the software;

26.1.3 all Development Documentation and other Documentation relating to the software;

26.1.4 copies of all applications and tools used in the creation or development of the software;

26.1.5 any password and encryption details necessary to access the software or its source code; and

26.1.6 full details of the software, including full name and version details, design information including module names and functionality, the type of media on which the software is provided, details of any commands required to install and make a backup copy of the software, any compression used in packaging the software, and details of operating systems on which the software runs.

26.2 Supplier may not deliver the Products by separate installments unless agreed in writing by Buyer.

26.3 If the PO requires Supplier to create and deliver any software or software documentation, such software and software documentation will be considered a work made for hire. Supplier will and hereby does assign to Buyer the copyright rights and any patent rights in such software and software documentation. Supplier agrees to take all necessary actions to execute, deliver, and file such documents as Buyer may reasonably request in order to give effect to transfer of copyright or patents rights.

26.4 If the PO requires Supplier to develop, deliver, or use any software or software documentation and such software and software documentation includes any of Supplier's proprietary software or software documentation, Supplier hereby grants to Buyer a perpetual, worldwide, royalty-free, paid-up license, sub-licensable at any tier, to use, operate, reproduce, display, perform, modify or create derivative works, and sublicense or otherwise distribute at any tier Supplier's proprietary software or software documentation in conjunction with Buyer's use, re-sale, or license of the Goods or Services delivered under the PO

26.5 If the PO requires Supplier to develop, deliver, or use any software or software documentation and such software and software documentation includes any third party proprietary software or software documentation, Supplier will secure for Buyer from the third party all rights necessary to use, operate, reproduce, display, perform, modify or create derivative works, and sublicense or otherwise distribute at any tier such third party software or software documentation in conjunction with Buyer's use, re-sale, or license of Supplier's Goods or Services.

26.6 Time for the performance of all obligations of Supplier under this Agreement and Orders is of the essence.

27. Language

All communications and writings made pursuant to a PO, including without limitation all Records (as defined in Section 35), reports and documentation supplied by Supplier, will be in the English language.

28. Intellectual Property Rights

28.1. Buyer retains all rights, title and interest in and to its Intellectual Property Rights. Supplier agrees that nothing in the performance of any PO grants or will be construed to grant Supplier any rights, title or interest in or to Buyer's Intellectual Property Rights, including without limitation any license, express or implied, to such Intellectual Property Rights. Any grant or transfer of Buyer's Intellectual Property Rights to Supplier must be made in a separate written agreement signed by Buyer's Authorized Representative.

28.2. Supplier will not purchase, sell, trade, or transfer in any way to a third party any drawings, technical data, material, parts, devices, Tooling or Buyer's Property, raw materials, piece parts, components, sub-assemblies, assemblies or end products, or any other material supplied or owned by Buyer except as permitted in these Terms, without the prior written approval of Buyer's Authorized Representative.

29. Intellectual Property Indemnity

29.1. Supplier hereby indemnifies, defends, holds harmless Buyer and End Users, and their respective officers, employees, agents, successors, and assigns, from and against any and all claims and liabilities, including reasonable attorneys' fees, for infringement of any third party Intellectual Property Right or for third party claims of unfair competition resulting from similarity in design, service mark, trademark or appearance of the Goods or Services, arising from or in connection with any Goods or Services provided by Supplier to Buyer.

29.2. Buyer will give Supplier prompt written notice of any demand or claim or institution of any suit, and, at Supplier's request and expense, permit Supplier, through its counsel, to defend such claim, demand, or suit, and Buyer will provide Supplier with all available information, assistance, and authority to do so. Supplier will reimburse Buyer for all out-of-pocket expenses incurred by Buyer related to providing such assistance to Supplier. Supplier will have control of the defense of any such claim, demand, or suit, including without limitation appeals, negotiations, and the right to effect a settlement or compromise thereof.

29.3. Notwithstanding anything to the contrary in Section 29.1, Supplier's indemnity obligations do not apply to:

- 29.3.1. Services performed or Goods manufactured by Supplier pursuant to detailed designs, drawings, specifications or other instructions developed by Buyer and furnished to Supplier that do not require research, development, or design work by Supplier; or
- 29.3.2. Buyer's use or sale of the Goods or Services in combination with goods or services provided to Buyer by a third party so long as Buyer's use or sale of the Goods or Services alone and not combined with the third party goods or services is infringing or in violation.

29.4. Supplier will promptly notify Buyer's Authorized Representative in writing of any third party claim or suit for infringement or violation of the third party's Intellectual Property Rights in any Goods or Services delivered by Supplier to Buyer.

29.5. In the event of a claim of infringement or violation pursuant to Section 29.1, Supplier will, at its option and sole expense:

- obtain for Buyer the right to use the Goods or Services;

- modify the Goods or Services to be non-infringing so long as the modified Goods or Services meet the requirements of the PO;
- replace the Goods or Services with non-infringing Goods or Services so long as the replacement Goods or Services meet the requirements of the PO; or
- if none of the foregoing is commercial practicable, return the price paid by Buyer for the affected Goods or Services.

29.6. The indemnity set out in this Section 29 will extend to any replacement or modified Goods or Services.

30. Non-Competition

30.1. If the PO requires Supplier to produce Goods or Services pursuant to detailed designs, drawings, specifications or other instructions developed by Buyer and furnished to Supplier that do not require research, development, or design work by Supplier, Supplier agrees that it will not produce or cause or permit a third party to produce Goods or Services that are the same or substantially the same as the Goods or Services ordered under the PO.

30.2. Supplier's violation of this Section 30 constitutes a material breach of the PO and entitles Buyer to all its remedies in law or in equity in accordance with these Terms. Buyer may deduct all of its substantiated direct costs resulting from Supplier's breach of Section 30 from Supplier's invoices without advance notice to Supplier.

30.3. In addition to Buyer's other remedies at law or in equity, in case of a breach of this Section 30, Supplier will be entitled to injunctive relief from any court of competent jurisdiction prohibiting Supplier from producing or selling or causing or permitting any third party to produce, sell, or use such Goods or Services without necessity of proving the elements of injunctive relief, including without limitation irreparable injury, or posting any bond.

31. Offset

Buyer may use or any portion of the value of the PO, including the value of any contracts placed by Supplier with its lower-tier suppliers, for satisfying Buyer's international offset obligations. Supplier may use the offset credit generated by the PO or Supplier's contracts with its lower-tier suppliers only with the prior written approval of Buyer's Authorized Representative.

32. Compliance with Law

32.1. Buyer and Supplier will comply with all applicable foreign and U.S. federal, state and local laws and regulations in performance of these Terms and a PO.

32.2. Supplier represents and warrants that all Goods and Services sold to Buyer are produced or rendered in compliance with all applicable foreign and U.S. federal, state, and local laws and regulations, including without limitation anti-boycott laws, environmental law, laws concerning the conditions of employment, by way of illustration and not limitation, minimum wages, overtime pay, record keeping, employment of persons who are in the U.S. without proper documentation, slavery or forced or indentured servitude, and child labor standards. Such laws also include regulations issued by airworthiness authorities having jurisdiction over the aircraft in which the Goods may be installed.

32.3. If Supplier is located outside the United States, Supplier also represents and warrants that it will comply with all applicable foreign laws and regulations, including without limitation environmental, export, labor, and product labeling laws.

32.4. Supplier will immediately notify Buyer's Authorized Representative in writing if Supplier is: (a) suspended, debarred or proposed for suspension or debarment from doing business with the U.S. Government; (b) listed or is proposed to be listed by the U.S. Government in any "denial orders," as a "blocked person," as a "specially designed national," or as a "specially designed terrorist" for U.S. export administration purposes; or (c) otherwise is disqualified or proposed for disqualification from doing business with the U.S. Government or receiving funds from the U.S. Government or from Buyer (collectively, "Debarment").

32.5. Supplier's failure to comply with this Section 32 or its Debarment constitutes a material breach of Section 32 entitling Supplier to all its remedies in law or in equity in accordance with these Terms. Buyer may deduct all of its substantiated direct costs resulting from Supplier's breach of Section 32 from Supplier's invoices without advance notice to Supplier. Notwithstanding Section 14.1.4, no cure period for breach of Section 32 is available to Supplier.

33. Indemnity and Limitation of Liability

33.1. Supplier hereby indemnifies, defends, and holds harmless Buyer and End Users and their respective employees, agents, successors, and assigns, from and against any and all claims by third parties, whether in tort, contract, strict liability, products liability, or otherwise, arising from or in connection with Supplier's negligence or wrongful acts or omissions in the sale of Goods or Services or performance of these Terms or a PO.

33.2. Supplier hereby also indemnifies, defends, and holds harmless Buyer and End Users and their respective officers, employees, agents, successors, and assigns, from and against any failure of Supplier to comply with any law or regulation, whether foreign or U.S. federal state, or local, applicable to Supplier's sale of Goods or Services or performance of these Terms or a PO, including without limitation Supplier's compliance or non-compliance with any foreign or U.S. import, export, or customs law.

33.3. IN NO EVENT WILL BUYER BE LIABLE TO SUPPLIER FOR INCIDENTAL, EXEMPLARY, PUNITIVE, SPECIAL, CONSEQUENTIAL, OR OTHER INDIRECT DAMAGES OF ANY KIND OR NATURE ARISING OUT OF PERFORMANCE OF A PO, INCLUDING WITHOUT LIMITATION LOSS OF PROFITS, LOSS OR INACCURACY OF DATA, OR LOSS OF USE DAMAGES, RESULTING FROM EITHER PARTY'S BREACH OF THESE TERMS OR A PO, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IF UNDER APPLICABLE LAW SUCH DAMAGES WOULD NOT BE CONSIDERED INCIDENTAL, EXEMPLARY, PUNITIVE, SPECIAL, CONSEQUENTIAL, OR OTHER INDIRECT DAMAGES.

33.4. Buyer's total liability under each PO will not exceed one hundred percent (100%) of the amount paid by Buyer to Supplier under the PO, except that such limitation will not apply to damages that cannot be limited under applicable law.

34. Relationship of the Parties

34.1. The relationship between Buyer and Supplier is that of a buyer and a seller who is an independent contractor. Nothing in these Terms or a PO will be construed as creating any employer/employee, agency, joint venture, partnership or other business relationship of any kind. Supplier's employees, agents or representatives (collectively, "Supplier's Employees") performing the PO will at all times be under Supplier's direction and control. Supplier will pay all wages, salaries, and other amounts due Supplier's Employees in connection with performance of the PO and will be solely responsible for all governmental reports and obligations due with respect to Supplier's Employees, including without limitation social security and income tax withholdings, unemployment compensation, worker's compensation, and equal employment opportunity reporting. Supplier's Employees will not be considered Buyer's employees and will not be entitled to participate in any of Buyer's employee benefits or plans of any kind.

34.2. Neither party will in any manner assume or create any right or obligation, express or implied, on behalf of or in the name of the other party or in any way bind the other party, except as expressly permitted in these Terms or a PO.

35. Records; Record Retention; Audit

35.1. Supplier will maintain financial data, books, records, documents, electronic mail, computer files, purchasing, manufacturing, and quality records, and all other such data ("Records"), regardless of whether in physical, electronic, or other form or media, related to the Goods or Services sold by Supplier to Buyer and to Supplier's performance of a PO, as follows:

- maintain detailed quality control and manufacturing sub-assembly and component traceability records for the period of at least twelve years from the date of last supply of the Products. After twelve (12) years, Supplier shall either agree to continue holding the records or shall offer the Buyer, at no charge, the option to transfer them for archiving or provide electronic copies to the Buyer. No record shall be destroyed without the Buyer's written approval.
- retain Records related to design data for the life of the Good; and
- retain Records for a period of at least ten (10) years after the date of final payment under the applicable PO; and
- for medical retain Records for a period of at least fifteen (15) years after the date of final payment under the applicable PO.
 - Medical products are identified by the prefix "MD" or "MDT" in the item description on the PO. (e.g. MD-Cylinder, Oxygen backup, "MDT-PVOCS" etc....)

35.2. Records will at all times be legible and readily identifiable and retrievable.

35.3. Records must be stored in an area which meets all applicable fire and life safety codes that prevents loss, damage or deterioration. All data stored by electronic means will be secure with back-up procedures, and audited to verify the integrity of the data.

35.4. Supplier will, as often as Buyer may reasonably request during the applicable period specified in Section 35.1, make all such Records related to the Goods or Services and to Supplier's performance of a PO available to Buyer and End Users or their respective authorized representatives for inspection, audit, or reproduction. Supplier will make such Records available no later than three (3) business days after the date of Buyer's request.

36. Disputes

36.1. Buyer and Supplier will attempt to settle all disputes, claims, or controversies arising under or in connection with a PO through consultation and negotiation in good faith and a spirit of mutual cooperation. Pending resolution of any dispute, Supplier will continue diligently with performance of all active POs.

36.2. If these attempts fail, before initiating any litigation, the parties will submit the dispute to non-binding mediation by a mutually acceptable mediator or mediator(s) chosen by the parties within forty-five (45) days after the date of written notice by one party to the other party demanding mediation. Neither party will unreasonably withhold, delay or condition its consent to the selection of any mediator. The parties will share equally the costs of the mediation.

36.3. The parties may also agree to consider other forms of alternative dispute resolution ("ADR") such as neutral fact-finding, arbitration, or a mini-trial. The parties will mutually agree in writing to the terms of any such ADR.

36.4. Should the parties be unable to resolve any dispute within ninety (90) days following the date of written notice by one party to the other demanding mediation or ADR, either party may submit the dispute to a court of competent jurisdiction for resolution.

36.4.1. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER;

(B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

36.5. The use of mediation or ADR procedures will not be construed under the doctrines of laches, waiver, or estoppel to affect adversely the rights of either party. Nothing in this Section 36 will prevent either party from resorting to judicial proceedings if: (a) good faith efforts to resolve the dispute under this Section 36 have been unsuccessful; or (b) interim relief from a court is necessary to prevent irreparable injury to a party or to a third party.

37. Notices

All notices will be sufficient if made in writing and will be effective on receipt if: (a) personally delivered; (b) mailed by United States registered or certified mail, postage prepaid, and return receipt requested; or (c) sent via overnight or international courier, with written confirmation of delivery, and addressed as follows.

- If to Buyer:

Cobham Mission Systems Davenport LSS Inc. and Cobham Mission Systems Davenport AAR Inc.
2734 Hickory Grove Rd., Davenport, IA. 52804
Attention: Vice President & General Manager

Cobham Mission Systems Orchard Park Inc.
10 Cobham Drive, Orchard Park, NY 14127
Attention: Vice President & General Manager

- If to Supplier:

To the company name and address on the PO and to the attention of the Supplier contact named on the PO.

38. Governing Law

38.1. The contract between Buyer and Supplier as described in Section 2.3 will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and performed entirely therein without presumption or construction against the party responsible for the drafting of any particular term herein and without regard to or application of the principles of choice of laws. The parties expressly disclaim the application of the United Nations Convention on International Sale of Goods to all POs.

38.2. If located outside the United States, Supplier agrees to bring any dispute, controversy, proceeding, or claim arising out of or related to these Terms or a PO exclusively in the U.S. district court located in New York or in the state court of New York having subject matter jurisdiction over the dispute or claim, and agrees that it will not bring any action in any other court. Supplier irrevocably, generally, and unconditionally submits to the personal jurisdiction of such courts and irrevocably waives and agrees not to assert as a defense, counterclaim or otherwise any claim that it is not personally subject to the jurisdiction of such courts, and to the fullest extent permitted by applicable law, waives any defense or claim of: (a) forum non convenience; (b) improper venue, or (c) that these Terms or a PO may not be enforced in or by such courts.

39. Miscellaneous

39.1. The contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms and the PO, supersedes all prior written or oral negotiations, commitments, agreements, and understandings between the parties relating to the subject of the PO, and constitutes the entire agreement between the parties with respect to the subject matter of the PO.

39.2. Neither a PO nor these Terms may be modified, amended, canceled, or in any way altered, nor may they be modified by custom and usage of trade or course of dealing, except by a writing signed by the parties' authorized representatives.

39.3. The section headings are for convenience only and will not in any way limit the scope or affect the interpretation of any provision of the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms and the PO.

39.4. If any condition, term or covenant of the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms and the PO: (a) contravenes any applicable laws, regulations or administrative acts then in effect; or (b) is at any time held to be void, invalid, or unenforceable, such condition, term or covenant will be construed as severable and will not in any way effect or render void, invalid or unenforceable any other condition, term or covenant of these Terms or the PO, which will remain in full force and effect.

39.5. Failure or delay by either party to exercise any right, remedy, power, or privilege accorded by the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms and the PO, does not constitute a waiver thereof. A waiver is effective only if made in writing and signed by the authorized representative of the waiving party. A written waiver of default will not operate as a waiver of any other default or of the same default in the future.

39.6. Nothing in the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms or the PO, confers or is intended to confer any rights or remedies upon any third party.

39.7. No right or obligation of Supplier under the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms or the PO, may be assigned without Buyer's prior written approval, including without limitation the right to any payment due or to become due. Any assignment without Buyer's prior written consent is void. No approval of assignment will be granted by Buyer unless Supplier includes provisions in each assignment that subjects the assignee to obligations identical to Supplier's obligations under the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms or the PO. Buyer's written approval of such assignment will not affect the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms or the PO, and Supplier will not in any manner be released or discharged from any of its obligations and liabilities and will remain liable for all acts and omissions of assignees and their officers, agents and employees as if they were the officers, agents and employees of Supplier.

39.8. All rights and remedies granted to a party under the contract between Buyer and Supplier as described in Section 2.3, including without limitation these Terms or the PO, will be cumulative and not exclusive and will be in addition to and not in lieu of the party's rights arising under applicable law or otherwise.

39.9 Material, including but not limited to raw material, standards, detail components and assemblies, furnished to Supplier by Buyer or Buyer's Customer shall be administered in accordance with a Bonded Stores Agreement between Supplier and Buyer. Supplier shall provide Buyer with required on-dock dates for all material. Supplier's notice shall provide Buyer with sufficient time to competitively acquire the material if, in its sole and absolute discretion, it desires to do so.

39.10 Subsequent to Supplier's last delivery of Goods, Good which contain, convey, embody or were manufactured in accordance with or by reference to Buyer or Buyer's Customer's Confidential Information and Materials including but not limited to finished goods, work-in-process and detail components (hereafter "Inventory") which are in excess of PO quantity shall be made available to Buyer for purchase. In the event Buyer, in its sole discretion, elects not to purchase the Inventory, Supplier may scrap the Inventory. Prior to scrapping the Inventory, Supplier shall mutilate or render it unusable. Supplier shall maintain, pursuant to their quality assurance system, records certifying destruction of the applicable inventory. Said certification shall state the method and date of mutilation and destruction of the subject Inventory. Buyer or applicable regulatory agencies shall have the right to review and inspect these records at any time it deems necessary. In the event Seller elects to maintain the Inventory, Supplier shall maintain accountability for the Inventory and Supplier shall not sell or provide the Inventory to any third party without prior specific written authorization from Buyer. Failure to comply with these requirements shall be a material breach and grounds for default pursuant to the terms of this document.

39.11 Supplier shall adhere to the Cobham Responsible Supply Chain Management Supplier's Code of Conduct ("Code") and flow similar requirements to its sub-tiers. The Code can be found at <https://www.cobham.com/media/1850313/Cobham%20RSCM%20Suppliers%20Guide%20Final.pdf>

39.12 All requirements of this contract may be subject to Government Quality Assurance. You will be notified of any Government Quality Assurance activities to be performed.

39.13 Supplier shall abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a); and 60.741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex or national origin. These regulations require affirmative action by covered prime contractors and subcontractors to employ and advance in employment Individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

40. Traceability

40.1 Under the terms of this Agreement, Supplier shall have and operate a process to ensure that all Products, sub-assemblies and the components contained therein supplied to the Buyer are completely Traceable back to manufacturer by batch or lot or date code.

40.2. Further Supplier hereby agrees, unless directed otherwise by the Buyer, to procure components through franchised distributors or direct component Suppliers. Supplier agrees to indemnify and hold the Buyer harmless from and against all costs and expenses for the removal, repair or replacement and reinstallation of counterfeit components incorporated into a Product sold by Supplier to the Buyer where the counterfeit component was procured by Supplier from a person or entity other than a franchised distributor or direct component Supplier or other person or entity pre-approved by the Buyer in writing.

40.2.1. Supplier will:

40.2.1.1. require that its Suppliers provide a Certificate of Conformance with each component shipment;

40.2.1.2. perform incoming inspections of components and paperwork to ensure conformity to Specification; and

40.2.1.3. maintain and document incoming inspection specifications used for each component used in manufacturing Products. The foregoing obligations of this **Section 40.2.1** shall not apply to components consigned or sold to Supplier from the Buyer.

40.2.2. If components are not purchased from an original equipment manufacturer, franchised distributor or without full traceability and manufacturers certificates, Supplier will ensure that prior written approval has been obtained from the Buyer before using such components and that the approving permit number shall be cross referenced on Supplier's release certification. To obtain the Buyer's approval Supplier may have to, at the Purchases sole option and at Suppliers cost, perform the following:

40.2.2.1. check with the original equipment manufacturer that the date and batch codes identified on the Certificate of Conformity are genuine; and

40.2.2.2. complete or arrange for actual component testing on a representative sample of the components to verify their conformance to specification.

40.2.3. For components purchased from the Buyer Supplier shall maintain the traceability back to the paperwork provided by the Buyer as part of the components transfer.

41. Buyer's Property

41.1. Buyer's Property shall become and/or remain the exclusive property of the Buyer. The Buyer may demand possession thereof at any time without notice; however, if such a demand of possession is made and it affects Supplier's cost of performing the Order(s) on which the Buyer's Property is or was to be used, or affects Supplier's ability to meet any delivery dates under such Order(s), then such demand shall constitute a modification for which Supplier is entitled to a price adjustment or delivery schedule adjustment or both. Similarly, if Supplier requires such demanded Buyer's Property and it adversely impacts the ability of Supplier to perform its obligations under this Agreement, Supplier shall be reasonably excused from such further obligations.

41.2. Further Supplier warranty that:

41.2.1. Supplier shall maintain and keep the Buyer's Property in good condition. The Buyer will compensate Supplier at its normal hourly rates for all calibration, maintenance or repair services to the Buyer's equipment or tooling (other than normal preventative maintenance services or services to correct defects caused by Supplier's act or omissions negligence or willful misconduct, provided that the Buyer approves such services and rate in advance and in writing. The Buyer is not required to compensate Supplier for any such services associated with equipment or tooling owned by Supplier and not intended to be assigned to the Buyer.

41.2.2. The Buyer's Property shall not be removed from Supplier's premises except on the prior written permission of the Buyer. Supplier may remove Buyer's Property from Supplier's premises for purposes of repair provided that Supplier provides advance notice to the Buyer of the anticipated removal.

41.2.3. Supplier shall keep the Buyer's Property separate and apart from its own property and that of other persons and shall clearly mark the Buyer's Property as being the Buyer's property.

41.2.4. The Buyer's Property shall not be used by Supplier for any purpose other than for the supply of Product to the Buyer.

41.2.5. Supplier will compile and submit reports on the status of the Buyer's Property as reasonably requested by the Buyer including details on any repairs and maintenance necessary to maintain supply of Product to specification.

41.2.6. Supplier shall be liable to the Buyer for any loss of or damage to the Buyer's Property during the time it is in Supplier's possession, custody or control. During such time Supplier shall insure the Buyer's Property at full replacement value in the name of and for the benefit of the Buyer at Supplier's expense with a reputable insurance provider and shall provide to the Buyer on demand certificates of insurance evidencing such insurance and the receipts for premiums paid thereon.

41.2.7. Supplier waives any lien which it might otherwise have (whether at the date hereof or subsequently) on any of the Buyer's Property for work done thereon or otherwise. This condition shall not be construed as a waiver of any other right of recovery of any other charges that may be due to Supplier for such work.

41.2.8. Supplier shall keep the Buyer's Property free of all mortgages, charges or other encumbrances and will procure that any lien over the Buyer's Property is discharged forthwith.

41.2.9. Supplier shall promptly pay the Buyer on demand the full replacement value of any of the Buyer's Property, which is not returned or satisfactorily accounted for.

Schedule 1
U.S. GOVERNMENT CONTRACT FLOW DOWNS

1. Pursuant to Section 21 of the Terms, the following documents are posted on Buyer's supplier websites (<https://www.cobhammissionsystems.com/suppliers/supplier-documents/davenport-supplier/>) (https://www.cobhammissionsystems.com/cms/orchard_park/suppliers) and apply to each PO stating a U.S. Government contract number.

1.1 DAV-OP Appendix A to Buyer's Terms and Conditions of Purchase

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Schedule 2

Supplier will comply with the most current versions SPOC 50 and the SPOCs listed on the face of the PO. The most current versions of which can be found at the following website <https://www.cobhammissionsystems.com/suppliers/supplier-documents/davenport-supplier/>

Schedule 3

Supplier's quality system shall be certified to the indicated Quality System Standard in the table below. In lieu of required certification suppliers shall provide objective evidence of compliance to the indicated Quality System Standard performed by an independent third party or customer. Where Supplier chooses the AS9003 standard, self-certification and an internal audit report shall be provided on no more than an eighteen (18) month interval.

Quality System Standard	Supplier Description
AS9100	<ul style="list-style-type: none"> Manufacturer with design authority, Engineering Services with design/release authority
AS9003 or AS9100	<ul style="list-style-type: none"> Manufacturer (Build-to-Print), Value Added Distributor - A manufacturer or distributor designated and monitored by Cobham to complete the final assembly of the constituent components of a qualified product and act as a distributor of the finished product assembled on behalf of Cobham Inspection and Testing Services; CMM, Vibration, NDT (special processor below)
AS9120 or ASA100	<ul style="list-style-type: none"> Pass Through Distributor - An organization carrying out the purchase, storage, splitting or sale of products without affecting product conformity.
AS9003 or Nadcap AC7004	<ul style="list-style-type: none"> Special Processor - An organization whose primary business is to performs any of the special processes listed in the Nadcap Scope of Accreditation. http://p-r-i.org/nadcap/accreditation/
AS9100 or AS9003 or ISO9001	<ul style="list-style-type: none"> Tooling with or without Design Authority
ISO10012-1 or ISO17025 or ANSI Z540-3 or A2LA or NVLAP	<ul style="list-style-type: none"> Calibration/Laboratories
FAA FAR Part 145/21	<ul style="list-style-type: none"> Repair Stations
None	<ul style="list-style-type: none"> Commercial Off-The-Shelf (COTS) - An organization that produces commercially available components and/or software applications that are sold through public catalog listings. COTS software is not intended to be customized or enhanced Technical Service Providers

Supplier will comply with the most current version of the Quality Assurance Clauses listed on the face of the PO. The most current version of which can be found at the following website <https://www.cobhammissionsystems.com/about/terms-and-conditions/orchard-park-suppliers/archive/>