



Standard Terms & Conditions of Purchase

1. Definitions.

"Purchaser" means IDSI, LLC, or subsidiary specified in the Contract, Purchase Order, or Order as the purchaser of the Goods and/or Services.

"Seller" means the person, firm or company specified in the Contract, Purchase Order, or Order as the supplier of Goods and/or Services.

"Contract," "Purchase Order," or "Order" means the document bearing a unique reference number detailing the Goods and/or Services to be supplied, the price thereof and other relevant details of the agreement for sale and purchase to which these Terms and Conditions apply.

"Goods" means the equipment, materials and/or other items to be supplied pursuant to the relevant Contract, Purchase Order, or Order.

"Services" means the installation, testing, engineering, or other agreed technical assistance to be supplied pursuant to the relevant Contract, Purchase Order, or Order.

2. Seller Responsibilities.

- a. Seller shall so conduct himself in his role as supplier to Purchaser on this Contract to remain aware of his contribution to product or service conformity, to product safety, and to ethical behavior.
- b. Seller shall ensure that all persons engaged in the manufacture of goods, or delivery of services procured by Purchaser possess the necessary competence on the basis of appropriate education, training, or experience, and retain appropriate documented information as evidence of competence as necessary to meet all requirements of the contract or purchase order.
- c. Seller shall regularly provide Purchaser with updates on performance to requirements of the Contract, particularly upon occurrence of any deviations or shortcomings, with respective plans of action to recover from the same. Failure to do so, as required by Contract or responsibility to Purchaser, may result in Termination under the terms of Paragraph 18 of this document.
- d. Seller may not deviate from Purchaser's approved Source Control Drawing (SCD) without written permission from an authorized representative of Purchaser.
- e. Seller, where applicable, must:
 - i. implement a Quality Management System acceptable to Purchaser, and subject to audit at Purchaser's discretion.
 - ii. use customer-designated or approved external providers, including process sources.
 - iii. notify IDSI of nonconforming processes, products, or services and obtain approval for their disposition.
 - iv. prevent the use of counterfeit parts, consistent with FAR/DFARS requirements.

- v. notify IDSI of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain IDSI's approval.
- vi. flow down to external providers applicable requirements including customer requirements.
- vii. provide test specimens for design approval, inspection/verification, investigation, or auditing.
- viii. retain documented information, as provided for in Paragraph 25f of this document.

3. Entire Agreement.

- a. Unless specifically agreed in writing to the contrary, these Terms and Conditions together with specifications, drawings and other documents incorporated in writing and agreed to by both parties shall constitute the entire agreement and contract between the Seller and the Purchaser in respect of the purchase and sale of the specified Goods and/or Services. These Terms and Conditions shall supersede and take precedence over any other terms or conditions as may be shown or referred to unilaterally in any other correspondence or implied by trade custom practice or course of dealing and any such prior representations or understandings and any such purported provisions to the contrary are hereby expressly excluded.
- b. The Goods sold hereunder shall conform to Purchaser's standard specifications in existence at the time delivery is made unless otherwise set forth in the Contract, Purchase Order, or Order and agreed to in writing by both parties.
- c. Each order is subject to acceptance by Purchaser. No order shall be deemed a contract until and unless Purchaser's employee or representative makes acceptance in writing. The Purchaser will accept the Contract at its office in New Freedom, PA, USA, and the Contract is deemed to have been entered into regardless of the residence of the Seller or origin of the products or services contracted for herein.
- d. Any special provisions must be set out in the Contract, Purchase Order, or Order and agreed to in writing by the Purchaser and Seller.
- e. The Contract is subject to the United States Foreign Corrupt Practices Act 1977, as amended.

4. Quotations.

Unless otherwise specified herein, prices must be valid for at least 90 (ninety) days from the date of quotation. A quotation by the Seller does not constitute a Contract, or an offer to contract.

5. Prices.

All prices shall be quoted FOB IDSI, LLC, New Freedom, PA, USA, in U.S. dollars.

All prices are exclusive of all sales, use and other taxes, duties, or charges, domestic or foreign. Purchaser shall pay or upon receipt of invoice from Seller, shall reimburse Seller for all such taxes, duties, or charges levied or imposed on Purchaser or required to be collected by Seller resulting from this transaction or any part



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thereof.

6. Terms of Payment.

Unless otherwise agreed in the specific offer or order, the Purchaser shall make payment of the purchase price at time of invoicing and acceptance by Purchaser at the FOB point specified herein.

Each shipment shall be considered a separate and independent transaction and payment made accordingly.

Payment may be effected via check to the account of Seller, as specified in the Contract, Purchase Order or Order.

7. Delivery

a. Delivery time quoted is Seller's best estimate and shall begin at acceptance of the Contract. Seller shall not be liable for any delay in performance or inability to perform occasioned by any Force Majeure conditions beyond its control or beyond the control of its suppliers or subcontractor, provided that all requirements of Paragraph 10, Delay and Force Majeure, have been met.

b. Unless otherwise specifically provided, delivery of the Goods shall be made FOB IDSI, LLC, New Freedom, PA, USA, at which time the title and risk of loss shall pass to the Purchaser. Title shall also pass to Purchaser regardless of any provisions for payment of freight or insurance by Seller.

c. In any case where Goods are sold on the basis of any other international trade term, the meaning of such term contained in INCOTERMS (2000) shall apply as if expressly incorporated herein except insofar as any part of the same may be inconsistent with any of the provisions contained in these conditions.

8. Cancellation and Returned Goods.

The Purchaser may cancel an order upon written notice thirty (30) days prior to shipment, and upon payment to Seller of all reasonable cancellation and/or termination liability charges.

Orders which are canceled prior to shipment, if standard products, shall not be subject to a restocking charge for those items already in production or in finished goods inventory awaiting shipment to Purchaser.

Orders which are canceled prior to shipment, if those items are "special" or "custom" items designed or modified to the Purchaser's specifications, are essentially non-cancelable for that portion in production or in finished goods inventory awaiting shipment to the Purchaser, and are subject to payment of factory costs only. Recovery of profit, lost opportunity costs, or any similar charge is expressly refused by the Purchaser.

Orders that are canceled after shipment to Purchaser, whether standard or special, remain the property of the Purchaser and subject to payment in full.

9. Packaging and Shipping.

a. Unless otherwise specified, prices are quoted exclusive of shipping, taxes, duties, or other charges. Equipment for Domestic (CONUS) sites shall be shipped in standard commercial packaging for truck or air transport only. Export packing (sea container or air) will be quoted upon request. When special or export packaging is required or requested, the cost of the special packaging will be separately invoiced to Purchaser. Unless otherwise stated, the FOB or EXW (INCOTERMS 2000) point is New Freedom, PA, USA.

b. Unless expressly prohibited by the Contract, partial shipments shall be accepted.

c. Unless agreed in writing prior to shipment, Purchaser shall have sole control and discretion with respect to mode of transportation, routing and any other matters connected with, related to or involved in transportation of the Goods, otherwise Seller may accept these responsibilities.

d. Time is of the essence for all orders placed by Purchaser. Shipping dates specified herein or otherwise communicated to Purchaser are contractual commitments. Seller shall guarantee any shipping date unless otherwise agreed to in writing. Any such guarantee shall be strictly limited to the terms so stated.

10. Inspection.

Unless otherwise agreed in writing, the Goods are subject to Seller's standard inspection and/or testing at place of manufacture. Purchaser may inspect the Goods and/or witness testing at the place of manufacture or at such other place as Purchaser, in its sole discretion, shall designate, and Purchaser's consequent approval or rejection of the Goods must be made prior to shipment. Purchaser's failure to inspect does not necessarily constitute acceptance. Where Purchaser has inspected the Goods prior to shipment, Purchaser shall have no right whatsoever to inspect, reject or revoke its acceptance of the Goods after shipment. Purchaser is responsible for any charges associated with witnessed testing beyond the normal level of activity for routine test activities, as defined on the Contract, Purchase Order, or Order.

11. Delay and Force Majeure.

The Seller shall not be liable for delays in performance of its obligations and the date on which the Seller's obligations are to be fulfilled shall be extended for a period of time caused by the delay when the delay was due to causes beyond the Seller's control and not due to its fault or negligence, which Force Majeure causes include but are not limited to, the following:

a. Acts of God, unforeseeable circumstances, acts (including delay or failure to act) of any governmental authority (De Jure or De Facto), wars (declared or undeclared), riot, revolution, terrorism, hijacking, fires, strikes, labor stoppage, sabotage, epidemics, prohibition of import or export of goods or products, and interruptions of essential services and supplies such as electricity, natural gas, fuels and water.



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b. Inability due to causes beyond Seller's reasonable control to timely obtain from subcontractor necessary and proper materials, components, facilities, and, when the subcontractor has excusable causes as listed above and such items cannot reasonably be obtained from another source.

Partial failure of performance due to any of the aforementioned causes shall not in itself terminate this Contract or excuse any failure by Seller to resume all obligations.

In the event Seller is affected in the performance of its obligations by any of the aforementioned causes, it shall give the Purchaser prompt written notice of that fact together with satisfactory evidence substantiating that said cause prevents performance, as well as a declaration specifying the steps being taken by the Seller to remove such cause of nonperformance and to minimize its effects, and shall continue the performance of its other obligations under this Contract.

12. Description and Data.

a. Goods and/or Services will be supplied as described in Purchaser's Order and/or Seller's applicable brochures and/or data sheets. Where the Seller is not the manufacturer, Goods and/or Services will be those supplied to the supplier/manufacturer's current specification and data sheets.

b. The Seller shall make every effort to ensure the accuracy of technical data or literature relating to the Goods, but the Seller (so far as permitted by law) accepts no liability in contract, tort or otherwise for any damage or injury arising directly or indirectly or in consequence of any error or omission in such technical data or literature.

c. It shall at all times be the Purchaser's responsibility to ensure that the Purchaser's specifications are correct and/or sufficient for the use intended by the Purchaser and the Purchaser must satisfy itself on this point.

13. Warranty.

Seller warrants the items ordered hereunder at the time of shipment to be free from defects in material, workmanship, and to conform to the contract specification. Seller's liability under this Warranty shall terminate one (1) year after date of shipment. Some individual products include extended warranties and extended warranties may be purchased as requested and quoted. Written notice of any defects shall be given Seller upon discovery and Seller shall promptly correct such defects by repair or replacement, at its option, without charge, either FCA Seller's plant or service in the field. **IN NO EVENT SHALL SELLER'S LIABILITY UNDER THIS WARRANTY EXCEED THE COST OF REPAIR OR REPLACEMENT OF SUCH DEFECTIVE ITEM AND UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR SPECIAL OR CONSEQUENTIAL DAMAGES.**

Specifically excluded from this Warranty are:

- a. Defects or nonconformance caused by and resulting from improper operation, maintenance, or storage of the equipment.
- b. Items of characteristically indeterminate life, such as

bulbs, fuses, etc.

THIS WARRANTY CONSTITUTES SELLER'S SOLE AND EXCLUSIVE LIABILITY HEREUNDER AND BUYER'S SOLE AND EXCLUSIVE REMEDY FOR DEFECTIVE OR NONCONFORMING ITEMS AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS IMPLIED OR STATUTORY (INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).

14. Patent and Copyright Indemnification.

If Purchaser receives a claim that any product or part thereof manufactured by Seller, or its subcontractor, infringes any U. S. patent or copyright, Purchaser shall notify Seller promptly in writing and give Seller all available information, assistance and exclusive authority to evaluate, defend and settle such claim. Seller shall then, at its own expense and option, either (1) settle such claim, (2) procure for Purchaser the right to use such product, (3) replace or modify the product to avoid infringement, (4) remove it and refund the purchase price (including any installation costs) less a reasonable amount for depreciation, or (5) defend against such claim. If any court of competent jurisdiction holds such product to constitute infringement, Seller shall pay any costs and damages finally awarded on account of such infringement; and if the use of such product is enjoined, Seller shall take at its option one or more of the actions described above.

Seller shall not indemnify Purchaser if any infringement or claim is based upon (i) product developed at Purchaser's request and in accordance with its specifications, (ii) product modified by Purchaser or its customer, or any other third party, or (iii) the interconnection or use of the Product in combination with equipment or software not made, applied, or approved by Seller if the combination causes the infringement.

The rights and obligations of the parties with respect to such patents and copyrights are solely and exclusively as stated herein.

The patent and copyright obligations cited above are in lieu of all other patent and copyright warranties whatsoever, whether oral, written, expressed or implied.

15. Sales Conveys no License.

The Purchaser does not receive any right or license, express or implied, under any patents, copyrights, trade secrets, or the like of the Seller or its licensors under this Agreement except the limited rights to use the Goods provided under this Agreement.

16. License and Consents.

If any license or consent of any government or other authority shall be required for the acquisition or use of the Goods by the Purchaser, the Purchaser shall obtain the same at its own expense.

17. Limitations of Liability.

Seller's liability of any claim of any kind including negligence, for any loss or damage arising from, connected with, or resulting from this Contract, or from the performance or breach thereof, or from the design, manufacture, sale, delivery, installation, inspection,



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operation or use of any equipment covered by or furnished under this Contract, shall in no case exceed the purchase price of the Goods which gives rise to the claim.

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, OR WARRANTY, OR NEGLIGENCE, OR OTHER ALLEGED ACTION, SHALL SELLER BE LIABLE FOR SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO LOSS OF PROFITS OR REVENUE, LOSS OF USE TO THE EQUIPMENT OR AN ASSOCIATED EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, DOWN-TIME COSTS, OR CLAIMS OF CUSTOMERS OF THE PURCHASER FOR SUCH DAMAGES.

18. Subcontracting.

The Seller may, with written consent of the Purchaser, sub-contract at its discretion any part of the work or the supply of any Goods and/or Services for which the Seller provides a quotation, provided that the provisions of Paragraph 23, Export Licensing/ITAR Representation are met in full.

19 Termination.

The Purchaser may at its option terminate the Contract, the Purchase Order(s), or Order(s) placed upon the happening of one or more of the following events:

- a. The Seller is in breach of any obligation to the Purchaser and such breach where capable of remedy be not remedied following the expiry of thirty (30) days from the date of notification from the Seller to the Purchaser specifying such breach; or
- b. If the Seller becomes bankrupt; or if a receiving order is made against the Seller; or the Seller shall pass a resolution or enter into a Deed of Company Arrangement with its creditors; or the court shall make an order that the Seller shall be wound up; or if a receiver shall be appointed for any of the assets or undertaking of the Seller; or if circumstances shall arise which entitle the court to make a winding-up order; or if the Seller takes or suffers any similar action in consequence of debt.

20. Waiver.

The failure by either party to the Contract to exercise or enforce any rights conferred by the Contract shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement thereof at any time or times thereafter.

21. Notices.

Any notice required or permitted to be given hereunder may be given by certified mail, personal delivery, e-mail, or facsimile. Notice sent by certified mail shall be deemed to be served seventy-two (72) hours after placement into the airmails, postage prepaid to address. Notice given by e-mail or fax shall be deemed to have been received on the date, in normal course, it would be delivered. Until changed by written notice, given by either party to the other, the contact information of the parties shall be as specified in the applicable Contract, Purchase Order or Order.

22. Governing Law.

This Contract shall be governed and construed in accordance with the laws of the State of Pennsylvania without resort to its conflict of

laws rules. If a court of competent jurisdiction determines one or more provisions of this Agreement illegal or invalid, that determination shall not affect the enforceability of the remaining provisions to the extent they can be given effect without the illegal or invalid provision. Any legal action including actions to enforce the Arbitration Decision will be brought in the courts within the State of Pennsylvania. Seller irrevocably consents to the jurisdiction of the courts of the State of Pennsylvania for any and all disputes related to this Contract.

23. Arbitration.

All disputes in connection with the Contract or the execution thereof shall be settled through friendly negotiations. In case no settlement can be reached, the case may then be submitted for arbitration in accordance with the Commercial Arbitration Rules promulgated by the American Arbitration Association. The Arbitration shall take place in the State of Pennsylvania or other site mutually agreed upon by the parties, and the decision of the Arbitrator(s), appointed in accordance with said Rules, shall be final and binding upon both parties; neither party shall seek recourse to a law court or other authorities to appeal for revision of the decision. Arbitration fee shall be borne by the losing party. In the course of arbitration, both parties shall continue to execute the present Contract except those issues under arbitration.

24. Export Licensing/ITAR Representation

The Seller agrees to comply with all applicable U.S. export and import laws and regulations, including the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR) governing the export of any controlled technical data provided under this Agreement. Any such controlled technical data is not to be placed in the public domain, exported from the U.S., or given to any foreign person in the U.S., without the prior, specific written authorization of the Seller and the U.S. Department of State or the U.S. Department of Commerce as applicable. A Foreign Person is any individual who is not a U.S. citizen or lawful permanent resident in possession of an Immigration and Naturalization Service I-551 "Alien Registration" (a.k.a. "Green Card"). Notwithstanding anything that may be to the contrary herein, the Seller's obligation to adhere to U.S. export and import laws and regulations shall survive the expiration or termination of this Agreement.

25. Offset/Countertrade

THIS CONTRACT DOES NOT INCLUDE ANY OFFSET/COUNTERTRADE COMMITMENT. SHOULD THE PURCHASER REQUIRE ANY OFFSET/COUNTERTRADE AS A CONDITION OF PURCHASE, THE SELLER RESERVES THE RIGHT, AT ITS OPTION, TO TERMINATE ANY ORDER HEREUNDER OR THIS CONTRACT ITSELF, OR TO RESCIND OR REVISE ITS OFFER AND PRICE.

26. Government Terms and Conditions Applicable.

- a. Equal Employment Opportunity. Seller agrees to comply with any applicable provisions of the Rehabilitation Act of 1973, the Veteran's Readjustment Act of 1974, and Executive Order 11246, and implementing regulations of the U.S. Department of Labor, which embody governmental policy on equal employment opportunity.
- b. Commercial Goods. For Commercial Goods acquired



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under the Federal Acquisition Regulation (FAR), the following FAR provisions are incorporated herein by reference: (i) 52.219-8 Utilization of Small Business Concerns (if the contract exceeds \$500,000) (ii) 52.222-26 Equal Opportunity, (iii) 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans, (iv) 52.222-36 Affirmative Action for Workers with Disabilities, (v) 52.222-41 Service Contract Act of 1965 as Amended and (vi) 52.247-64 Preference for Privately Owned U. S. Flag Commercial Vessels.

performance of this subcontract and will not include access to the supplier's proprietary financial information, books, records or systems. The agenda and format shall be mutually agreed upon by all parties prior to establishing the date of the audit and/or inspection. The above two-day notice and agenda/format requirements will not apply to on-site Government audits.

c. **Non-Commercial Goods.** For Non-Commercial Goods acquired under the Federal Acquisition Regulation (FAR) and Department of Defense FAR Supplement (DFARS) clauses are identified in Attachment A and are incorporated herein. The date of the FAR/DFARS clause in effect as of the date of the Contract / Purchase Order execution shall apply unless otherwise specified. In all FAR/DFARS clauses below, the term "Contractor" shall mean "Seller", the term "Contract" shall mean this Agreement and the terms "Government", "Contracting Officer" and equivalent phrases as used in the FAR/DFARS clauses below mean Buyer and Buyer's Authorized Procurement Representative, respectively. It is intended that the attached clauses shall apply to Seller in such manner as is necessary to reflect the position of Seller as a subcontractor to the Purchaser, to ensure Seller's obligations to Purchaser and to the United States Government, and to enable Purchaser to meet its obligations under its Prime Contract or Subcontract. The extent and scope of applicability to this contract shall be in accordance with the terms, requirements, guidelines, and limitations stated in each clause. DFARS 227.7202, entitled Commercial Computer Software and Commercial Computer Software Documentation, shall govern the acquisition of Commercial Computer Software. If the Government Contracting agency is other than the Department of Defense, the applicable clauses of such Contracting agency that supplement the FAR clauses cited in Attachment A in lieu of the DFARS clauses.

d. **Audit** – Except as otherwise required by federal statute, if any audit or examination of Seller's books and records is applicable to the Contract, whether relating to performance or termination of the work, or both, it shall be accommodated promptly by the Seller.

e. **Experimental Work** – Unless otherwise agreed in writing by Seller, it is agreed that the Contract does not involve any type of experimental, developmental or research work as one of its purposes.

f. **Retention of Records** – Seller shall maintain complete records of all sales transactions with Purchaser for a minimum of seven (7) years.

27. Surveillance.

IDSI, LLC reserves the right for themselves, their customer, and regulatory authorities to perform audits and surveillance inspections of the applicable areas of facilities and to applicable documented information, at any level of the supply chain to assess conformance to any or all contractual requirements at any time during the performance of this contract. Two-day notice will be provided to the Seller prior to conducting source audits or surveillance inspections. Audit and surveillance inspections by Purchaser will be restricted to supply chain facilities utilized in the