

## TERMS AND CONDITIONS

The following Staco Systems terms and conditions apply to this contract. The obligations of Seller contained herein shall survive acceptance of the goods and payment therefore by Purchaser.

### 1. PRICE:

If no price is specified herein, charges shall not exceed Supplier's standard price for merchandise of like quality and quantity. Seller represents that any price or prices specified in this Order do not exceed Seller's current selling prices for the same or substantially similar goods. Unless otherwise stipulated all prices inserted on the face of this Order shall represent the total cost to the Purchaser as at the point of delivery specified herein, including all sales taxes, excise taxes and custom duties and other Government and Municipal taxes, levies and charges of every description and charges for packing, crating, boxing, storage and shipping charges. If price is not stipulated on this Order, it is not to be filled at higher prices than last previously quoted or charged without written authority of purchaser.

### 2. DISCOUNT:

Discount terms must be stated on the invoice. Discounts will be calculated from the date material or the invoice is received whichever is later.

### 3. SHIPPING:

All goods shall be shipped F.O.B. as stated on the face of this order. If goods are shipped F.O.B. destination or Purchaser's plant, shipping charges must be prepaid in all cases. No insurance premium or shipping costs will be allowed unless authorized in writing. Goods must be packed and delivered to conform with Uniform Freight Classification to obtain lowest shipping rate. Packing slips must be enclosed with all shipments showing order number, line number, release number, if any, and quantity. Charges accrued through Seller's failure to ship in accordance with Purchaser's shipping instructions will be charged to Seller's account.

### 4. DELIVERY:

Staco Systems reserves the right to cancel this order in whole or in part if any shipment of merchandise covered hereby is not received by the time specified. Packing slips must be enclosed with all shipments showing order number, line number, release number, if any, and quantity. Time shall be of the essence in this Order. The goods must be delivered strictly in accordance with the quantities, specifications and delivery schedule specified, otherwise, in addition to its other legal remedies, Purchaser shall be at liberty to cancel this Order, in whole or in part. Purchaser assumes no obligation for goods shipped in excess of quantities specified in this Order or prior to delivery schedule specified. Staco Systems count will be accepted as final and conclusive on all shipments not accompanied by a packing list. Unless expressly provided for to the contrary on the face of this order, Seller shall bear all cost for cartage, boxing, or containers as required.

### 5. QUANTITY:

The Staco Systems count will be accepted as final and conclusive on all shipments not accompanied by a packing list. Unless expressly provided for to the contrary on the face of this order, Seller shall bear all cost for cartage, boxing, or containers as required.

### 6. INVOICING:

Individual invoices will be issued for each shipment and each order. Unless otherwise stated in this Order, terms are Net Thirty (30) days after delivery of goods and receipt of invoices.

### 7. IDENTIFICATION:

THE STACO SYSTEMS PURCHASE ORDER NUMBER MUST SHOW ON ALL INVOICES, PACKING LIST, AND BILLS OF LADING.

### 8. PATENT PROTECTION:

The Seller warrants that the material delivered, either alone or in combination with other materials, will not infringe on any patents in the United States or any foreign country. Seller will protect STACOSWITCH, INC. from loss due to suit or claim for infringement of patents on seller designed articles

### 9. ACCEPTANCE:

This order, when accepted by the Supplier, shall constitute the entire contract between the buyer and seller as agreed to and shall not be altered, amended, supplemented, or cancelled without the written approval of Staco Systems. Either the Supplier's written acceptance of this order or the shipment of any confirming article or commencement of performance hereunder, shall constitute acceptance of this contract, and no contrary or additional terms or conditions shall apply. The Seller by acceptance of this Order, accepts all the terms and conditions hereof. Acceptance of this Order shall take place either by execution and return of the signed acknowledgement copy accompanying this purchase order or by part performance of this Order. Any modifications or alterations of or additions to the terms and conditions of this Order, to be binding must be in writing, signed by an authorized representative of the Purchaser and delivered by the Purchaser to the Seller. Any term, condition or reservation, inconsistent with the terms hereof that may be contained in any printed or standard acknowledgement, invoice form or other document issued by Seller shall be of no effect (Purchaser hereby objects to any such inconsistent terms, conditions, or reservations and notifies Seller that they are rejected) notwithstanding Purchasers act of accepting or paying for any shipment or otherwise performing the obligations on its part to be observed or performed hereunder

### 10. CHANGES:

Staco Systems may from time to time, by written instructions or drawings issued to the Supplier, make changes, issue additional instructions, require additional work, or direct the omission of work previously ordered. The provisions of this agreement shall apply to all such written modifications.

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### 11. NON-DISCLOSURE:

Seller shall keep confidential all information, drawings, specifications or data furnished by Purchaser, or prepared by Seller specifically in connection with the performance of this Order and shall not divulge or use such information, drawings, specifications or data to or for the benefit of any other party. Seller agrees that if the goods covered by this Order are to be manufactured to design or technical data furnished by Purchaser, the Seller shall not, without the prior written consent of Purchaser, manufacture any such goods except for and upon order of the Purchaser.

### 12. ADDITIONS:

No extra work, additions, or alterations will be paid for by Staco Systems unless performed pursuant to and in accordance with the written order of Staco systems.

### 13. CANCELLATIONS:

Staco Systems may cancel this order at any time, giving notice in writing. An equitable adjustment in price and/or delivery schedule will be negotiated for materials completed or in process at the time of the change.

### 14. TERMINATION:

TERMINATION FOR DEFAULT – a) Staco Systems may by notice in writing direct Seller to terminate this purchase order or work under this purchase order in whole or in part at any time for breach of any one or more of its terms. b) In the event of Seller's default hereunder, the Buyer may exercise any or all rights accruing to it, both at law including those set forth in Article 2 of the Uniform Commercial Code or in equity. c) Seller's obligations under the warranty, patent and confidentiality provisions of this purchase order shall survive such termination. TERMINATION FOR CONVENIENCE/BASIS FOR TERMINATION; Notice – Staco Systems may, from time to time terminate all or part of any Order issued hereunder, by written notice to Seller. Any such written notice of termination shall specify the effective date and the extent of any such termination.

### 15. QUALITY:

The Supplier shall notify buyer immediately upon discovery of non-conforming product that has shipped or is about to ship to Staco Systems or their customers. Supplier shall notify Staco Systems of changes to product or processes that affect product quality or the known or intended use. The supplier shall obtain approval of changes. Supplier shall flow-down to sub-tier suppliers the requirements of the Staco Systems purchase order, including key characteristics where required. When referenced in the purchase order supplier shall flow-down to their subcontractors the requirements of all applicable FAR/DFAR clauses that appear at the end of this document. In addition to our right of entry, the supplier agrees to right of entry for our customers, or regulatory agencies to all facilities and records in the performance of this contract. The following Purchase Order Quality Clauses apply:

#### PURCHASE ORDER QUALITY CLAUSES

Right of Access – Staco Systems, the Staco Systems Customer, the Customers' Customer and Regulatory agencies shall be allowed the right of access to determine and verify the quality of work, records and material at any place, including the plant of the Supplier.

Requirements Flowdown - Suppliers shall have a quality and calibration system meeting one of the following requirements as applicable: AS9100 ISO 9001:2000. Staco Systems reserves the right to approve Suppliers based on requirements and resources.

Quality Records – Quality records must be maintained on file for a minimum of seven (7) years (unless otherwise specified) and readily retrievable upon request.

Product Verification – Verification by Staco Systems shall not resolve the Supplier/Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejections by Staco Systems.

Approved Processing Sources – Suppliers shall use only end item Customer approved processing source if called out in the order.

Control of Non-Conforming Product – Non-conforming product produced from Staco Systems supplied material will be segregated, tagged and returned to Staco Systems along with completed (Suppliers) internal non-conformance report. Documented cause and corrective action is required.

Handling, Packaging, Preservation and Delivery – The Supplier shall use appropriate methods of handling, packaging and Preservation to prevent damage of product in process and during delivery.

Statistical Techniques – When Required by Staco Systems contract, the Supplier shall perform statistical analysis for applicable key characteristics, and provide results upon Staco Systems request or Staco Systems customer's request.

Evidence of Inspection – A qualified representative of the Suppliers Quality Department shall sign and document acceptance status for each shipment as evidence of 100% inspection. Sampling inspection shall not be performed without prior written approval from Staco Systems and our Customer.

### 16. WARRANTY AND INSPECTION:

All articles sold and materials and work applied hereunder shall be of good quality and free from any defects and shall at all times be subject to inspection and rejection; but neither Staco Systems's inspection nor failure to inspect or reject shall relieve the Supplier of any obligations hereunder. Such inspection shall not exclude any warranties in respect to such goods. Seller expressly warrants that all goods covered by this Order will be fit and sufficient for the purpose intended, merchantable, of good design, material and workmanship, free from defects and will conform to applicable specifications, drawings, samples or description. Samples may be requested for inspection and approval prior to manufacture or delivery. Goods are subject to inspection by Purchaser and Purchaser shall be the final judge of the goods. No payment will be made to Seller in respect of any goods, which are rejected on such inspection. Purchaser reserves the right to retain any portion of any shipment not strictly in accordance with specification and in such case will pay to Seller a reasonable price therefore, but such retention shall not preclude Purchaser from rejecting the remainder of any or other shipments. Rejected goods will be held for Seller's instructions and at its risk and expense. If instructions are not received within fifteen (15) days after notice of rejection, goods will be returned at Seller's expense. No goods returned as defective shall be replaced without Purchaser's written

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permission. Where re-work is required to meet specification requirements, such re-work shall be arranged for by Seller at no cost to Purchaser. Payment for goods shall not constitute acceptance thereof by Purchaser nor shall Purchaser's inspection or omission to inspect relieve Seller of its obligation to furnish all goods in strict accordance with all terms and provisions of this Order.

### 17. INDEMNIFICATION:

The Seller agrees to indemnify Staco Systems and hold it harmless from and against all liability, loss and expense (including legal fees) for all damages and/or bodily injuries (including death) resulting from the actions, errors, omissions or negligence of the Seller, its directors, officers, employees, agents, contractors or subcontractors, including, but not limited to, any defect in material, any defect in services, workmanship, design of any goods furnished, patent and/or copyright infringements or violations, and/or failure to follow or abide by any and all governing laws, ordinances, codes and regulations.

### 18. INSURANCE:

The Seller shall maintain the following insurances:

- a) Commercial General Liability insurance, including contractual liability and Products – Completed Operations liability, with limits not less than \$1,000,000 per occurrence, written on an occurrence basis, by an insurer rated not less than B++. Staco Systems will be an Additional Insured in such policy.
- c) Statutory Workers' Compensation in accordance with governing law (or qualify as a self-insurer), and \$500,000 per accident of Employers' Liability insurance.
- d) Upon the request of Staco Systems, the Seller shall provide Certificate of Insurance evidencing the required insurances and providing the thirty (30) days written notice of cancellation to Staco Systems.

### 19. BANKRUPTCY:

In the event of any proceedings in bankruptcy or insolvency by or against the Seller, or in the event of the appointment (with or without the Seller's consent) of an assignee for the benefit of creditors, or of a receiver, Staco Systems may cancel this order for default. If Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature), or if any proceedings under any bankruptcy or insolvency laws is brought by or against Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by Seller, Purchaser may terminate this Order without liability, except for deliveries previously made.

### 20. COMPLIANCES:

As a supplier of materials or services to Staco Systems suppliers must comply with the following:

All work hereunder will be performed in accordance with all applicable statutes (including Fair Labor Standards Act) rules, regulations and orders, and without limiting the foregoing, the following provisions of the Armed Services Procurement Regulations (ASPR) which are incorporated herein by reference. Buy American Act (6 104.5). Convict Labor (12-203). Eight Hour Law of 1912 (12-303.1). Walsh-Healy Public Contracts Act (12-604). Nondiscrimination in Employment (12-802). Inspection (7-103.5). Officials Not to Benefit (7-103.19). Restrictions on Hiring of Aliens and Other Individuals (12-901). Renegotiation (7-103.13). Excess Profit (7-104.11). Military Security Requirements (7-104.12). Examination of Records (7-104.15). Gratuities (7-104.16). Notice to the Government of Labor Disputes (7-105.3). Notice and Assistance Regarding Patent Infringement (9-104). Reporting of Royalties (9-110). In accordance with (9-110.0). Filing of Patent Application (9-107). Patent Indemnity (9-103). Patent Rights (9-107). Copyrights (0-202). And in all such provisions where necessary to make the contract of these clauses applicable to this Order the terms "Government" "Contracting Officer" and equivalent phrases, shall mean Seller, (except in the provisions of ASPR Section IX. (Patents and Copyrights) the terms "Contractor" shall mean Seller and the term "Contract" shall mean this order. The titles of the above clauses shall be applicable to any type of contract whether fixed fee, cost plus or cost plus fixed fee, even though paragraph numbers may be changed or vary in different sections of ASPR.

### 21. EXPORT CONTROL:

Supplier shall comply with all U.S. export control laws and regulations, including but not limited to the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 through 130, and the Export Administration Regulations (EAR), 15 CFR Parts 730 through 799, in the performance of this Agreement. In the absence of available license exemptions/exceptions, Supplier shall be responsible for obtaining the appropriate licenses or other authorizations, if required, for exports of hardware, technical data, and software, or for the provision of technical assistance. Supplier shall be responsible for all regulatory record keeping requirements associated with the use of licenses and license exemptions/exceptions.

### APPLICABLE WHEN SOLICITATION or PURCHASE ORDER IS IN SUPPORT OF A GOVERNMENT CONTRACT:

#### General Provisions and Certifications for Government Contracts:

The following clauses are applicable on solicitations and awards in support of Government Contracts and are hereby incorporated by reference into solicitations and any purchase orders with the same force and effect as if set forth in full text. To the extent that an earlier version of any such clause is included in the prime contract or subcontract under which solicitation or purchase order is issued, the date of the clause as it appears in such prime contract or subcontract shall be controlling and said version is incorporated herein. Where necessary to make the context of the Federal Acquisition Regulations (FAR) and Department of Defense Federal Acquisition Regulation Supplement (DFARS) clauses set forth in these General Provisions applicable to this solicitation or subcontract, the term "Contractor" shall mean "Subcontractor", "Seller" or "Supplier", the term "Contract" or "Subcontract" shall mean "Purchase Order", the term "Government" shall mean "Buyer" or "Staco Systems" and the term "Contracting Officer" shall mean "Buyer's Purchasing Representative". It is intended that the referenced clauses shall apply to Seller, the legal entity which contracts with Staco Systems under any solicitation or purchase order, in such manner as is necessary to reflect the position of Seller as a Supplier to Staco Systems, Buyer and legal entity issuing a solicitation or purchase order; to insure Seller's obligations to Staco Systems and the United States Government; and

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to enable Staco Systems to meet its obligations under its prime contract or subcontract. All of the clauses hereby incorporated by reference may be found in the Federal Acquisition Regulations (FAR) and the DOD Federal Acquisition Regulation Supplement (DFARS). Copies of the Federal Acquisition Regulation and the DOD Federal Acquisition Regulation Supplement may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

### FAR/DFARS CLAUSES:

52.202-1	Definitions (Dec 2001)
52.204-2	Security Requirements (Aug 1996) (Alt. I)
52.215-16	Facilities Capital Cost of Money (Oct 1997)
52.215-17	Waiver of Facilities Capital Cost of Money (Oct 1997) (when cost of money is not proposed)
52.227-10	Filing of Patent Applications – Classified Subject Matter (Apr 84)
52.232-8	Discount for Prompt Payment (May 1997)
52.232-25	Prompt Payment (Feb 2002)
52.233-3	Protest After Award (Aug 96) (Alt. I)
52.243-1	Changes – Fixed Price – Alt. II (Apr 84)
52.245-2	Government Property (Fixed Price Contracts) (Dec 89)
52.245-18	Special Test Equipment (Feb 93)
52.249-1	Termination for Convenience of the Government (Fixed Price) (Short Form) (Apr 84)
52.249-8	Default (Fixed-Price Supply and Service) (Apr 84)
52.251-1	Government Supply Sources (Apr 94)
52.253-1	Computer Generated Forms (Jan 91) March 27, 1997
252.225-7001	Buy American Act and Balance of Payments Program (Mar 1998)
252.225-7002	Qualifying Country Sources as Subcontractors (Dec 91)
252.225-7007	Trade Agreements Act (Sep 2001)
252.225-7009	Duty-Free Entry-Qualifying Country End Products and Supplies (Aug 2000)
252.225-7016	Restriction on Acquisition of Ball and Roller Bearings (Dec 2000)
252.227-7013	Rights in Technical Data and Computer Software (Nov 1995)
252.227-7026	Deferred Delivery of Technical Data or Computer Software (Apr 88)
252.227-7027	Deferred Ordering of Technical Data or Computer Software (Apr 88)
252.227-7030	Technical Data - Withholding of Payment (Mar 2000)
252.227-7037	Validation of Restrictive Markings on Technical Data (Sep 1999)
252.227-7039	Patents-Reporting of Subject Inventions (Apr 90)
252.251-7000	Ordering from Government Supply Sources (May 1995)
52.222-3	Convict Labor (Aug 1996)
52.222-19	Child Labor – Cooperation with Authorities and Remedies (Dec 2001)
52.225-13	Restrictions on Certain Foreign Purchases (Jul 2000)
52.232-23	Assignment of Claims (Jan 86)
52.232-23	Assignment of Claims (Jan 1986)
52.222-20	Walsh-Healy Public Contracts Act (Dec 96)
52.222-21	Prohibition of Segregated Facilities (Feb 1999)
52.222-22	Previous Contracts & Compliance Reports (Feb 1999)
52.222-26	Equal Opportunity (Apr 2002)
52.222-36	Affirmative Action for Workers with Disabilities (Jun 1998)
52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Jul 95)
52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans (Dec 2001)
52.222-37	Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)
252.227-7036	Certification of Technical Data Conformity (May 87)
252.231-7000	Supplemental Cost Principles (Dec 91)
252.246-7000	Material Inspection and Receiving Report (Dec 91) (Note: Not required for subcontracts for which the deliverable is a scientific or technical report.)
52.203-3	Gratuities (Apr 84)
52.203-5	Covenant Against Contingent Fees (Apr 84)
52.203-6	Restrictions on Sub-Contractor Sales to the Government (Jul 95)
52.203-7	Anti-Kickback Procedures (Jul 95)
52.203-9	Procurement Integrity-Service Contracting (Sep 90)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (Jan 1997)
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Jun 1997)
52.215-2	Audit and Records- Negotiation (Jun 1999) (Alt. II)
52.219-8	Utilization of Small Business Concerns (Oct 2000)
52.222-4	Contract Work Hours and Safety Standards Act - Overtime Compensation (Sep 2000)
52.223-2	Clean Air and Water (Apr 84)

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52.223-6	Drug-Free Workplace (Mar 2001)
52.227-1	Authorization and Consent (Jul 95)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (Aug 96)
52.242-13	Bankruptcy (Jul 1995)
52.244-5	Competition in Subcontracting (Dec 96)
52.246-2	Inspection of Supplies - Fixed Price (Aug 96)
52.246-4	Inspection of Services - Fixed Price (Aug 96)
52.246-24	Limitation of Liability-High Value Items (Feb 97)
52.249-2	Termination for Convenience of the Government (Fixed Price) (Sep 96)
252.203-7000	Statutory Prohibitions on Compensation to Former Department of Defense Employees (Dec 91)
252.203-7001	Prohibition on Persons Convicted on Fraud or Other Defense Contract Related Felonies (Mar 99)
252.209-7000	Acquisitions from Subcontractors Subject to On-Site Inspection Under the Intermediate-Range Nuclear Forces (INF) Treaty (Nov 95)
252.233-7000	Certification of Claims and Requests for Adjustment or Relief (May 94)
252.242-7004	Material Management and Accounting System (Dec 2000)
252.247-7023	Transportation of Supplies by Sea (May 2002)
52.219-9	Small Business Subcontracting Plan (Jan 2002)
52.219-16	Liquidated Damages- Subcontracting Plan (Jan 1999)
52.226-1	Utilization of Indian Organizations and Indian-Owned Economic Enterprises (Jun 2000)
52.230-2	Cost Accounting Standards (Apr 1998)
52.230-3	Disclosure and Consistency of Cost Accounting Practices (Apr 1998)
52.230-5	Cost Accounting Standards - Educational Institutions (Apr 1998)
52.230-6	Administration of Cost Accounting Standards (Nov 1999)
52.244-1	Subcontracts - Fixed Price Contracts (Feb 95)
252.205-7000	Provision of Information to Cooperative Agreement Holders (Dec 91)
252.219-7003	Small Business and Small Disadvantaged Business Subcontracting Plan (DOD Contracts) (Apr 96)
252.219-7005	Incentive for Subcontracting with Small Businesses, Small Disadvantaged Businesses, Historically Black Colleges and Universities, and Minority Institutions (Nov 95)
252-249-7001	Notification of Substantial Impact on Employment (Dec 91)
52.215-10	Price Reduction for Defective Cost or Pricing Data (Oct 97)
52.215-12	Subcontractor Cost or Pricing Data (Oct 97)
52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits other than Pensions (PRB) (Oct 1997)
252.215-7000	Pricing Adjustment (Dec 91)
52.222-26	Equal Opportunity Preaward Clearance (Apr 2002)
52.243-7	Notification of Changes (Apr 84) (Note: Paragraph (b) - 30 days; paragraph (d) -60 days)
252.203-7002	Display of DOD Hotline Poster (Dec 91)