

1. Applicability

These Terms and Conditions of Purchasing (“Terms of Purchase”) are issued by the following MICRODYN entities: Microdyn-Nadir US, Inc. (“MNUS”) identified on the face of the Purchase Order, as defined below. These Terms of Purchase are incorporated into and form a part of any purchasing contract, purchase order, release, or similar agreement (referred to herein as “Purchase Order”) issued by MICRODYN and apply to all Purchase Orders issued to Supplier for goods and materials for production and other goods and services (“Supplies”) once accepted by Supplier in accordance with Section 2 below. Each Purchase Order incorporates: (i) all other documents identified on the face of the Purchase Order; and (ii) other associated purchasing documents contained in MICRODYN’s email or other written communication, including but not limited to MICRODYN’s quality assurance agreement and MICRODYN’s drawings and/or raw material specifications, all as revised from time to time. The Purchase Order will be valid without signature of MICRODYN if issued by MICRODYN through its computer system or other electronic means. MICRODYN hereby gives notice of its objection to and rejection of any additional terms and conditions of Supplier, whether or not conflicting with these Terms of Purchase.

2. Offer and Acceptance

- 2.1. A Purchase Order is an offer to Supplier by MICRODYN to enter into the purchase and supply agreement it describes. The Purchase Order will be deemed accepted if Supplier: (i) commences performance or preparation for performance; (ii) accepts the Purchase Order in writing; or (iii) does not reject the Purchase Order in writing within seven days of issuance. Supplier’s quotation is not an offer. MICRODYN may cancel or revoke a Purchase Order for cause if at any time Supplier fails to immediately provide an unconditional written acceptance of a Purchase Order upon MICRODYN’s written request.
- 2.2. Once accepted, such Purchase Order, together with these Terms of Purchase (including the documents referenced in Section 1) will be the complete and exclusive statement of the purchase agreement. Any modifications proposed by Supplier are not part of the agreement in the absence of MICRODYN’s express written acceptance.

3. Modifications

- 3.1. MICRODYN, at any time, by way of written notice to Supplier, may change the design (including drawings, materials and specifications), processing, method of packing and shipping, and the date or place of delivery of the Supplies. Supplier shall provide prompt advice as to the effect of any proposed or required changes on the Supplies, deliveries and other obligations of Supplier. Supplier shall comply with MICRODYN’s written direction to implement the change, regardless of whether the equitable adjustment, if any, under Section 3.2 has been determined.
- 3.2. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under the Purchase Order, MICRODYN will make an equitable adjustment in the purchase price and/or the delivery schedules. Supplier must assert in writing a claim for equitable adjustment within 30 days from notice of a change that results in a change.

- 3.3. Supplier shall not make any change in the design, processing, packing, shipping or date or place of delivery or otherwise of the Supplies, unless done pursuant to MICRODYN’s written approval of such change consistent with MICRODYN’s change control process as defined in the Supplier quality assurance manual or similar document. Any change by Supplier without MICRODYN’s written approval is a material breach of the agreement and a waiver of any right to an equitable adjustment.

4. Quality, Environment and Documentation

- 4.1. Supplier shall comply with the MICRODYN quality assurance manual(s), if applicable, as such manual(s) may be updated or changed from time to time by MICRODYN in its sole discretion.
- 4.2. MICRODYN reserves the right at any reasonable time to inspect, witness, review or otherwise audit Supplier’s quality assurance and quality control procedures. MICRODYN shall have access to all areas of Supplier’s plant(s) and/or the plants of Supplier’s suppliers engaged in the manufacturing or processing of Supplies in order to inspect, witness review or otherwise audit the quality control processes being utilized at such plant(s).
- 4.3. Supplier shall comply with any and all applicable environmental protection laws and standards. Continuous improvement of operational environmental protection and the avoidance of environmental pollution by Supplier shall be ensured by systems installed and maintained according to generally accepted industry practices and law.
- 4.4. When making deliveries within the European Union, Supplier shall be obligated to comply with the requirements of the European Union, including but not limited to Regulation (EC) No. 1907/2006 of the European Parliament and of the Council dated December 18, 2006, concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).
- 4.5. Upon MICRODYN’s request, Supplier shall promptly provide and require the suppliers in its supply chain to provide, in writing, any records, data, and information regarding the Products requested by Buyer so that Buyer may comply in a timely manner with reporting or other requirements under applicable law with respect to consumer and environmental protection, “conflict minerals” and other laws.

5. Bailed Property

Supplier bears all responsibility for loss of and damage to any property owned by MICRODYN and possessed by Supplier for use in performing a Purchase Order, including responsibility for loss and damage which occur despite Supplier’s exercise of reasonable care, but excluding normal wear and tear. Supplier shall properly house and maintain such property on Supplier’s premises, prominently mark it property of MICRODYN, refrain from commingling it with the property of Supplier or with that of a third party, not use such property for any purpose other than the performance of MICRODYN’s Purchase Orders, not move such property from Supplier’s premises without MICRODYN’s prior written approval and adequately insure such property against loss or damage. MICRODYN has the right to enter Supplier’s premises at reasonable times to inspect such property and Supplier’s records pertaining thereto. Where permitted by law, Supplier waives any lien

that Supplier might otherwise have on any of MICRODYN's property for work done thereon or otherwise. Supplier shall assign to MICRODYN any claims Supplier has against third parties with respect to MICRODYN's property. Upon request, Supplier immediately will deliver such property at MICRODYN's option F.O.B. Carrier Supplier's facility (Ex Works Loaded) or F.O.B. MICRODYN's premises (CIF MICRODYN's Plant/Delivered MANN+ HUMMEL's Plant), properly packed and marked in accordance with the requirements of the carrier and MICRODYN.

6. Quantity, Delivery Dates and Releases

- 6.1. With respect to Supplier's performance under the Terms of Purchase, time is of the essence. The specified delivery dates and deadlines shall be binding on Supplier. If delivery dates are not specified in a Purchase Order, Supplier shall procure materials and fabricate, assemble, and ship Supplies or provide services only as authorized in shipment releases issued to Supplier by MICRODYN. MICRODYN will not be liable for any Supplies or raw materials purchased in excess of specified lead time. MICRODYN may return over-shipments to Supplier at Supplier's risk and expense for all packing, handling, sorting, and transportation. MICRODYN, at any time, may change or temporarily suspend without cost to MICRODYN shipping schedules specified in a Purchase Order or shipment release or other written instructions issued by MICRODYN. Should Supplier not meet the specified delivery dates and deadlines, Supplier shall be deemed in default without a reminder being required. In case of default, MICRODYN shall be entitled to have the performance owed by Supplier rendered by a third party at Supplier's cost and expense, or to rescind the contract, or to demand compensation for the damages incurred. In all cases, Supplier shall be obligated to reimburse MICRODYN for any and all extra costs incurred as a result of delayed delivery. In the event of a deviation from the delivery and packaging provisions, or in the event of early delivery or excess delivery, MICRODYN shall be entitled at its option to a payment of liquidated damages from Supplier in the amount of \$100.00 for administrative expenses associated with such deviation (which right shall not affect MICRODYN's right to recover other damages).
- 6.2. MICRODYN or its Customer may provide Supplier with forecasts or estimates of delivery times, quantities and locations, estimated program length or similar information whether in releases or other documents. All such information is an estimate only, is subject to change from time to time and shall not be binding upon MICRODYN. Supplier bears all risks with respect to such changes.

7. Packing, Marking and Shipping

- 7.1. Supplier shall pack, mark and ship Supplies in accordance with all applicable packaging standards of MICRODYN and, as appropriate, the carrier transporting such Supplies. MICRODYN's packaging standards for Supplies shipped to all destinations are available upon request, if not available on MICRODYN's raw material specification. Supplier shall ensure that any third parties that supply packaging for MICRODYN's Supplies shall comply with such standards. Supplier shall reimburse MICRODYN for all expenses incurred by MICRODYN as a result of improper packing, marking, routing, or shipping.
- 7.2. Upon request, Supplier shall consult with MICRODYN with regard to packing, marking, routing, and shipping to help MICRODYN secure the most economical transportation

rates.

- 7.3. Supplier shall not charge separately for packing, marking, or shipping, or for materials used therein unless MICRODYN specifies in writing that it will reimburse Supplier for such charges.
- 7.4. MICRODYN may require shipment of any of the Supplies by a more expeditious method of transportation if Supplier fails to meet the shipping requirements of a Purchase Order and Supplier will bear the cost difference of such transportation unless such failure is solely due to the fault of MICRODYN.

8. Shipping Documents

- 8.1. Supplier shall conform in all respects to MICRODYN's applicable shipping requirements.
- 8.2. Applicable delivery terms are defined in the Purchase Order. The delivery terms applying to each Purchase Order will be stated thereon and on any other such documents as are referenced on the relevant order. If they are not so defined each shipment shall be made to their destinations free of freight charges and packaging costs DAP (Incoterms 2010). In that case, the risk shall pass onto MICRODYN at the time of delivery at the agreed-upon destination.
- 8.3. For Supplies shipped to North American destinations, Supplier shall obtain a straight bill of lading from the carrier of the Supplies and will include on each packing slip and bill of lading the number of the relevant Purchase Order and the destination address.
- 8.4. Supplier shall include a numbered master packing slip with each shipment. For shipments of less than a full carload or truckload, the slip will be included in one of the packages, which will be marked "Packing Slip Inside." In full carload and truckload shipments the master packing slip will be enclosed in an unsealed envelope that is affixed near the door on the inside of the freight vehicles. Supplier shall retain the original bill of lading for three years from the date of shipment unless otherwise directed by the traffic manager at the destination facility.
- 8.5. For each international shipment, Supplier shall comply with the customs invoicing and documentation requirements of the destination country. Supplier shall include a priced invoice (if required), the master packing slip, and proof of origin, and upon request will furnish all other documentation required for export from Supplier's country or import into MICRODYN's country. Any and all benefits or credits resulting from a Purchase Order with MICRODYN including but not limited to trade credits, export credits, customs drawbacks, rebate of taxes, fees, etc., shall belong to MICRODYN (unless otherwise stated on a Purchase Order or a country's practice is to let credits remain with Supplier). Supplier upon request shall furnish all documents required to obtain the foregoing benefits and credits and shall identify the country of origin of the materials used in the Supplies and the value added thereto in each country. Additional customs information is available upon request from MICRODYN's customs department in the destination country.
- 8.6. The Supplier shall provide MICRODYN with any export control information (e.g. export list number) under each item of the invoice. The ECCN (Export Control Classification Number – US (re)- export control regulations)

must also be given for each item. This information can be sent alternatively via email to the following addresses:

MICRODYN-NADIR US, INC.:
purchasing@microdyn-nadir.com

- 8.7. Suppliers that have their registered office in the European Community or Turkey must also confirm the preferential status of the goods supplied to MICRODYN using a supplier declaration with the wording required by law; wherever possible this declaration should be a long-term supplier declaration. Supplier declarations that do not meet the legal requirements will not be recognized. Any relevant evidence must be procured and submitted by the Supplier without this being specifically requested. The Supplier shall bear any costs (e.g. customs duties) arising as a result of any failure to provide said evidence. The Supplier also undertakes to make verifiable statements regarding the commercial origin of the goods supplied (using ISO alpha-2 codes) and provide suitable evidence to support these statements if required.
- 8.8. The Supplier undertakes to inform MICRODYN immediately in writing in the event that any declaration of preferential status or commercial origin, or any part thereof, ceases to be valid or is subject to change.
- 8.9. The Supplier agrees to comply with any relevant international security programs (e.g. C-TPAT/AEO F or C/KC Air Cargo Security) in order to ensure the punctual delivery of supplies to MICRODYN. If the Supplier does not utilize any of these security programs, they must provide a security declaration with the first delivery. New security declarations must be provided each year.
- 8.10. Supplier will properly classify, describe, package, mark and label the Supplies. Supplier will provide MICRODYN all necessary material safety data sheets for the Supplies in compliance with all laws applicable to MICRODYN's specified facility and prudent standards of workplace safety.

9. Inspection

- 9.1. MICRODYN at its option may reject and return at Supplier's risk and expense, or retain and correct, Supplies that fail to conform to the requirements of a Purchase Order, even if the nonconformity does not become apparent until the manufacturing or processing stage. Supplier shall reimburse MICRODYN for all reasonable expenses resulting from rejection or correction.
- 9.2. Upon learning of a defect, Supplier shall develop, document and implement corrective actions designed to ensure that all Supplies are produced in accordance with all applicable quality control polices and standards of MICRODYN. Supplier shall immediately notify MICRODYN in writing when it becomes aware of any defect in Supplies.

10. Invoices and Payment

- 10.1. Supplier shall perform in accordance with all applicable payment guidelines provided by MICRODYN which cover invoiced items.
- 10.2. When issuing invoices, the invoices must include MICRODYN's complete order data (purchase order no., release no., ship date). In case of noncompliance with this provision, the Supplier shall be responsible for any consequential delays in invoice processing and payment.

Invoices must be submitted as specified in the Purchase Order. MICRODYN reserves the right to return invoices with incomplete or inaccurate order data or with inaccurate or incomplete billing address to the Supplier.

- 10.3. Subject to timely receipt of invoices and required documentation, unless otherwise stated in the Purchase Order, payment terms are Net 60 after receipt of conforming Supplies.

- 10.4. Without prejudice to any other right or remedy MICRODYN has or may have, all Supplier's accounts with MICRODYN will be administered on a net settlement basis. MICRODYN may set off or recoup any liability it owes to Supplier against any liability for which Supplier or Supplier's affiliates are liable to MICRODYN, as reasonably determined by MICRODYN, regardless of the Purchase Orders, contracts, or Supplier accounts from which such liability may arise.

11. Supplier's Master Data

Supplier must provide the Supplier background data required in the Request for Information (RFI) sheet provided by the responsible purchaser at MICRODYN.

12. Reserved.

13. Applicable Taxes

- 13.1. The total price specified for Supplies on a Purchase Order includes all elements of freight, duty and tax as specified in the relevant delivery term with the exception of value added tax (VAT), if applicable, which will be shown separately on Supplier's invoice.
- 13.2. For production Supplies shipped to U.S. destinations or services to be provided in the U.S., Supplier shall not charge to MICRODYN state or local sales or use taxes on such production Supplies and services. MICRODYN shall use such Supplies for resale or in industrial processing or manufacturing or will attach them to taxable goods for sale.
- 13.3. Supplier shall not charge to MICRODYN sales or use taxes on purchases of prototype, experimental or non-production Supplies that are delivered to MICRODYN in states in which MICRODYN has a direct pay permit.

14. Warranty

- 14.1. Supplier warrants that Supplies shall, during the warranty periods specified in Sections 14.4 and 14.5 conform to the applicable drawings, specifications, or other descriptions furnished pursuant to the Purchase Order, comply with law and regulations in force in jurisdictions where the Supplies or other end products equipped with the Supplies are to be sold, be free of defects in design (to the extent Supplier furnished the design), materials, and workmanship and be merchantable and suitable for the purpose intended. Supplier warrants that it is aware of the intended purpose of the Supplies and that MICRODYN is relying on Supplier to provide suitable Supplies. All Services will be performed by qualified personnel and in accordance with customary commercial standards.
- 14.2. In case of delivery of non-conforming or defective Supplies, Supplier shall be obligated, at MICRODYN's option and in addition to MICRODYN's other legal remedies, to either promptly correct the defect or non-conformity, replace the non-conforming or defective Supplies with non-defective Supplies, or provide a discount on the non-conforming or

defective supplies acceptable to MICRODYN. Moreover, Supplier shall perform a root cause analyses conforming to applicable industry and MICRODYN standards and make any corrections necessary to remove the cause of the defect or non-conformity in order to prevent such defect from reoccurring. Should Supplier be unable to remedy the non-conformity or defect, or should Supplier fail to promptly comply with its warranty obligations, or if the non-conformity or defect is of sufficient severity or frequency, in MICRODYN's reasonable judgment, MICRODYN may, in addition to all other remedies, terminate the Purchase Order, return the Supplies to Supplier and have the defects or non-conformities corrected or the Supplies replaced. Supplier shall be responsible for all costs and expenses, including incidental and consequential expenses, caused by Supplier's breach of any warranty and shall reimburse MICRODYN any and all costs for repairs to or replacement of defective Supplies (including transportation, handling, sorting, installation, demounting, material, and labor costs).

14.3. Supplier shall defend, indemnify and hold MICRODYN harmless in respect of the cost of recall campaigns and other corrective service actions that, in MICRODYN's or its customer's reasonable judgment, are required to rectify defects or nonconformities in the Supplies.

14.4. The warranty period for Supplies shall be 12 months after delivery.

14.5. Should MICRODYN assume any obligation vis-à-vis MICRODYN's customers in MICRODYN's capacity as supplier, which would result in a longer or further liability for defects or warranty, MICRODYN will notify Supplier and Supplier will comply with such longer warranty period.

15. Insurance and Indemnification

15.1. At MICRODYN's request, Supplier shall defend all claims (including lawsuits, administrative claims, and other proceedings to recover for personal injury or death, property damage, or economic losses) that are related in any way to Supplier's performance or obligations under a Purchase Order, including claims based in whole or in part on Supplier's breach of warranty, claims arising out of or related to work performed by Supplier, its employees or subcontractors on MICRODYN's premises and claims for any violations of any law, ordinance or regulation. To the full extent permitted by applicable law, Supplier shall indemnify MICRODYN, its directors, officers and employees and customers for all expenses (including attorney fees, settlements, and judgments) incurred by MICRODYN in connection with such claims. Supplier's obligation to defend and indemnify under this Section shall apply regardless of whether the claim arises in tort, negligence, contract, warranty, strict liability or otherwise except for claims that arise as a result of the sole negligence of MICRODYN.

15.2. If Supplier provides services to MICRODYN on MICRODYN's premises, Supplier will examine the premises to determine whether they are safe for such services and will advise MICRODYN promptly of any situation it deems to be unsafe. Supplier's employees, contractors and agents will not possess, use, sell or transfer illegal drugs, medically unauthorized drugs or controlled substances, or unauthorized alcohol, and will not be under the influence of alcohol or drugs on MICRODYN's premises.

15.3. Supplier shall furnish and maintain the following insurance

for itself and/or its subcontractors at all times during the course of the performance of the Purchase Order: (1) Workmen's compensation and employer's liability, including coverage where required by statute, in an amount of not less than \$500,000 each accident; (2) Comprehensive general liability insurance with bodily injury/property damage limits not less than \$1,000,000 each occurrence/\$2,000,000 aggregate, including coverage for the Supplies/completed operations hazard and contractual liability; (4) Product recall insurance.

15.4. Before starting work on MICRODYN's premises or upon MICRODYN's request, Supplier shall furnish to MICRODYN two copies of a certificate from Supplier's insurance carrier acceptable to MICRODYN, that policies of insurance have been issued by it to Supplier providing for the insurance listed above in Subsection 15.3 and that such policies are in force. If such certificate recites that it is subject to any exceptions contained in the policy of insurance, such exceptions shall be stated in full in said certificate and MICRODYN may in its discretion require Supplier before starting work to obtain policies of insurance which are not subject to any exceptions which MICRODYN finds objectionable.

16. Title, Engineering Drawings and Specifications

16.1. Any documents produced or obtained by Supplier under a Purchase Order shall belong to MICRODYN. Any engineering drawing that Supplier is required to prepare and furnish to MICRODYN shall conform to the requirements of the computer aided design standards of MICRODYN. Supplier shall transfer all rights in such drawing(s) to MICRODYN.

16.2. All drawings, know-how, and confidential information supplied to Supplier by MICRODYN and all rights therein shall remain the property of MICRODYN and will be kept confidential by Supplier in accordance with Section 18. Supplier is licensed to use MICRODYN's drawings, know-how, and confidential information only for the purpose of fulfilling its obligations under a Purchase Order. In addition to the obligations of Section 19, Supplier shall not disclose such drawings to third parties unless this is required for Supplier to fulfill its duties under a Purchase Order. Supplier shall inform MICRODYN in writing of any third parties to whom Supplier subcontracts any of the work required under a Purchase Order specifying in detail the work, which has been subcontracted to such third party. Supplier shall ensure that any third party to whom Supplier subcontracts any of the work hereunder is bound by all the terms and conditions relating to such work to which Supplier is bound under a Purchase Order.

17. Infringement and Proprietary Rights

17.1. Supplier at its expense shall defend, indemnify and hold MICRODYN harmless with respect to every claim that may be brought against MICRODYN or others that use the Supplies of a Purchase Order on behalf of MICRODYN, for any alleged infringement of any present or future patent, copyright, industrial design right or other proprietary right based on Supplier's activity under a Purchase Order, or the manufacture, sale, or use of the Supplies either alone, in combination by reason of their content, design or structure or in combination in accordance with Supplier's recommendations. At MICRODYN's option, Supplier shall either investigate and defend any such claim, or assist MICRODYN in MICRODYN's investigation, defense, or

handling of any such claim. In either case, Supplier will pay all expenses and damages or settlement amounts that MICRODYN and others selling MICRODYN's Supplies or using the Supplies of a Purchase Order on behalf of MICRODYN may sustain by reason of each such indemnified claim. Supplier shall give prompt written notice to MICRODYN of any proposed settlement of a claim that is indemnifiable under this section. Supplier may not, without MICRODYN's prior written consent, settle or compromise any claim or consent to the entry of any judgment regarding which indemnification is being sought hereunder. Supplier's obligations shall apply even though MICRODYN furnishes all or any portion of the design and specifies all or any portion of the processing used by Supplier. If necessary to prevent disruption of MICRODYN's production, Supplier will supply to MICRODYN a non-infringing product that meets MICRODYN's requirements.

17.2. Supplier shall neither assert nor transfer to another a right to assert against MICRODYN or customers or suppliers thereof, any intellectual property right of Supplier that is applicable to any works of authorship furnished to MICRODYN in the course of Supplier's activity hereunder.

17.3. Supplier shall not sell or otherwise dispose of any product that incorporates any trademark, patentable invention, copyright work, industrial design or other matter the subject of any intellectual property right of MICRODYN to any party other than MICRODYN except where specifically authorized by MICRODYN in writing.

18. Code of Conduct for Suppliers

Supplier shall observe the MANN+HUMMEL Supplier Manual when performing under a Purchase Order. The Supplier undertakes to safeguard human rights, comply with labor standards and not to tolerate discrimination or forced/child labor. The Supplier confirms that it does not tolerate any form of corruption or bribery. The Supplier will also require its subcontracted suppliers to comply with the Supplier Manual. The MANN+HUMMEL Supplier Manual can be accessed at www.mann-hummel.com/en/the-company/download-center/documents-for-suppliers/. If the Supplier breaches these obligations then, without prejudice to other claims, MICRODYN shall be entitled to immediately terminate its obligations under any and all Purchase Orders with Supplier.

19. Information and Data

19.1. Supplier shall furnish to MICRODYN, or another party designated by MICRODYN, without restrictions on use or disclosure, all information and data Supplier acquires or develops in the course of Supplier's activities under a Purchase Order. At MICRODYN's request, Supplier also shall discuss with MICRODYN or another party designated by MICRODYN, without restrictions on use or disclosure, any potential design, quality, or manufacturing problems with Supplies Supplier worked on or produced pursuant to a Purchase Order.

19.2. At MICRODYN's request, Supplier shall furnish to MICRODYN all other information and data of Supplier which MICRODYN deems necessary to understand the operation and to maintain the Supplies delivered under a Purchase Order, and to understand and apply the information and data of Section 19.1 hereof, with no restrictions on use other than Supplier's patent rights.

19.3. With respect to inventions which Supplier conceives or first reduces to practice in the course of Supplier's activities under a Purchase Order, Supplier grants to MICRODYN a permanent, paid-up, nonexclusive, worldwide license, with a right to sublicense others, to make, have made, use, have used and sell manufactures, compositions and machines, and use and have used processes, covered by patents on such inventions.

19.4. Supplier grants to MICRODYN a permanent, paid-up, nonexclusive, worldwide license, including a license to any operating software incorporated into the Supplies to make, have made, use, have used and sell the Supplies of a Purchase Order or derivatives thereof under any other patents now or hereafter owned or controlled by Supplier which are deemed necessary by MICRODYN to exercise the license of Section 19.3 in the manufacture, use or sale of vehicles manufactured by or for MICRODYN.

19.5. Supplier grants to MICRODYN and agrees to grant to any affiliate of MICRODYN designated by MICRODYN a nonexclusive license, on reasonable terms and conditions, to make, have made, use, have used and sell under any other patents now or hereafter owned or controlled by Supplier which cover any application of the technology embodied in the information or data Supplier acquires or develops in the course of Supplier's activities under a Purchase Order.

19.6. Unless otherwise indicated in writing by MICRODYN, Supplier shall use reasonable care to prevent disclosing to others and shall use only for the benefit of MICRODYN the technical information and data furnished by MICRODYN or developed or acquired by Supplier in its performance under a Purchase Order, prior development agreement or early sourcing agreement for Supplies related to or using such technical information or data and information relating to any portion of MICRODYN's business that Supplier may acquire in the course of Supplier's activities under a Purchase Order, prior development agreement or early sourcing agreement. This obligation shall continue so long as any Purchase Order for Supplies related to or using such technical information or data is in effect and for a period of two years thereafter. This obligation shall not apply to information that is or becomes publicly known through no fault of Supplier. Nevertheless, Supplier may disclose the information and data of this Subsections to third parties if required for Supplier to fulfill its duties under a Purchase Order and such third parties have agreed in writing for the benefit of MICRODYN and Supplier to conditions at least as stringent as those contained herein.

19.7. All technical information and data disclosed heretofore and hereafter by Supplier to MICRODYN in connection with Supplies of a Purchase Order are disclosed on a non-confidential basis.

20. Copyrights

20.1. Any work of authorship created by Supplier or Supplier's employees under a Purchase Order which is specially ordered or commissioned by MICRODYN shall be considered as a "work made for hire" and all copyrights for such works of authorship will belong to MICRODYN.

20.2. In the event any portion of any work of authorship created by Supplier in performing the services under a Purchase Order does not qualify as "work made for hire", Supplier hereby assigns or, if Supplier has failed to previously secure

ownership of all copyrights in such portion, shall obtain title and assign all copyrights to such work to MICRODYN.

20.3. All such works of authorship will bear a valid copyright notice designating MICRODYN as the copyright owner, for example, "Copyright © 20XX, MICRODYN USA, INC."

20.4. Supplier hereby grants to MICRODYN a permanent, nonexclusive, paid-up, worldwide license, with a right to grant a sublicense to any affiliate of MICRODYN, under each copyright Supplier owns and controls or has the right to license, in each work of authorship fixed in any tangible medium of expression furnished by Supplier to MICRODYN or its designee pursuant to a Purchase Order, to use such work, to reproduce such work, to prepare derivative works, to distribute copies of such work to the public, and to perform and display such work publicly.

21. Subcontracts

In each subcontract of Supplier's performance of obligations pursuant to a Purchase Order, Supplier shall obtain for MICRODYN the rights and licenses granted in Sections 19 and 20.

22. Advertising

Supplier shall not reference MICRODYN or any of its affiliates or use of MICRODYN's trademarks or logos in Supplier's advertising or publicity materials without MICRODYN's express written permission. Where such permission is given, any reference to MICRODYN or any of its affiliates or use of MICRODYN's trademarks or logos by Supplier in Supplier's advertising or publicity materials shall comply with MICRODYN's Publicity/Advertising Guidelines.

23. Audit Rights

MICRODYN shall have the right at any reasonable time to send its authorized representatives to examine all pertinent documents and materials in the possession or under the control of Supplier relating to any of Supplier's obligations under a Purchase Order or any payments requested by Supplier pursuant to a Purchase Order. Supplier shall maintain all pertinent books and records relating to a Purchase Order for a period of two years after completion of services or delivery of Supplies pursuant to that Purchase Order.

24. Assignment

Supplier shall not assign or subcontract its substantive duties under a Purchase Order without MICRODYN's written approval. Supplier will provide MICRODYN with reasonable advance written notice of any assignment of Supplier's right to receive payment under a Purchase Order. Any such assignment or subcontracting shall not prohibit MICRODYN from enforcing any of its rights against Supplier. MICRODYN shall have the right to assign any benefit or duty under a Purchase Order to any third party upon notice to Supplier.

25. Excusable Delays

Neither MICRODYN nor Supplier shall be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its fault or negligence, including labor disputes of their subcontractors. The party claiming the excusable delay shall give notice in writing as soon as possible after the occurrence of the cause relied on

and after termination of the condition. In the event of an excusable delay in performance, MICRODYN at its option may acquire possession of all finished Supplies, work in process, and parts and materials produced or acquired for the performance under a Purchase Order, and Supplier shall deliver such articles to MICRODYN, at MICRODYN's option, Supplier's facility (Ex Works Loaded) or F.O.B. MICRODYN's facility (CIF MICRODYN's Plant/Delivered MICRODYN's Plant). MICRODYN may also obtain the Supplies covered by a Purchase Order elsewhere for the duration of the impediment and a reasonable period thereafter. Prior to the expiration of any directly related labor contract of Supplier, Supplier at its expense will take such actions as Supplier may reasonably determine to ensure the uninterrupted production of Supplies for a period of 60 days for MICRODYN during any anticipated labor disruption or slowdown at Supplier or its subcontractors resulting from the expiration of the labor contract.

26. Remedies and Waiver

The individual remedies reserved in a Purchase Order are in addition to any remedies provided by law. No waiver of any breach of any provision of a Purchase Order shall constitute a waiver of any other breach of such or any other provisions.

27. Termination

27.1. Termination for Convenience by MICRODYN: Unless a Purchase Order specifically states otherwise, MICRODYN may terminate its purchase obligations under a Purchase Order, in whole or in part, at any time by a written notice of termination to Supplier. MICRODYN will have such right of termination notwithstanding the existence of an excusable delay as provided in Section 25.

27.2. Termination for Default by MICRODYN: MICRODYN may terminate for Default, which shall be effective upon delivery of the Termination Notice or upon such other date specified by the Buyer in writing. Supplier shall be in Default if it (i) breaches the Purchase Order; (ii) repudiates or threatens to breach the Purchase Order; (iii) fails to deliver, or threatens not to deliver, Supplies in connection with the Purchase Order; (iv) fails to make progress or to meet reasonable quality requirements so as to endanger timely and proper performance of the Purchase Order; (v) Supplier makes an assignment for the benefit of creditors, or proceedings in bankruptcy or insolvency are instituted by or against Supplier; (vi) Supplier needs accommodations from MICRODYN, financial or otherwise, in order to meet its obligations under the Order; or (vii) at any time in the MICRODYN's sole judgment Supplier's financial or other condition endangers Supplier's ability to meet its obligations under the Order. Termination by Microdyne shall not relieve Supplier of any liability under the Order.

27.3. Upon receipt of a notice of termination, Supplier, unless otherwise directed by MICRODYN, shall terminate promptly all work under a Purchase Order, transfer title and deliver to MICRODYN the finished work, the work in process, and the parts and materials which Supplier produced or acquired in accordance with a Purchase Order and which Supplier cannot use in producing Supplies for itself or for others, verify/settle all claims by subcontractors for actual costs that are rendered unrecoverable by such termination and provided the recovery of materials in Supplier's possession is ensured and take actions reasonably necessary to protect property in Supplier's

possession in which MICRODYN has an interest until disposal instruction from Microdyn has been received.

27.4. Upon termination by MICRODYN for convenience, MICRODYN's obligation to Supplier shall be the Purchase Order price for all finished work and completed services which conform to the requirements of a Purchase Order, Supplier's actual cost of the work in process and parts and materials transferred to MICRODYN in accordance with Subsection 27.2 hereof, Supplier's actual cost of settling the claims by subcontractors and Supplier's actual cost of carrying out its obligations, but MICRODYN's obligations shall not exceed those MICRODYN would have had to Supplier in the absence of termination.

27.5. Supplier shall furnish to MICRODYN, within one month after the effective date of termination, Supplier's termination claim, which must consist exclusively of the items of MICRODYN's obligation to Supplier that are listed in Subsection 27.3 hereof. MICRODYN may audit Supplier's records, before or subsequent to payment, to verify amounts requested in Supplier's termination claim.

27.6. MICRODYN will have no obligation to Supplier under this Section 26 if MICRODYN terminates its purchase obligations of a Purchase Order because of Default by Supplier.

28. Transition of Supplies Following Termination or Expiration

28.1. Following expiration or termination of the Purchase Order by either party for any reason (including termination by Supplier) and notwithstanding any claimed or actual breach of any obligation by MICRODYN, Supplier will cooperate in the transition of supply to a successor supplier, including the following, which will collectively be referred to as "Transition Support":

28.1.1. Supplier will continue production and delivery of all Supplies as ordered by MICRODYN, at the prices and other terms stated in the Order, without premium or other condition, during the entire period reasonably needed by MICRODYN to complete an orderly transition to the alternate supplier(s);

28.1.2. At no cost to MICRODYN, Supplier will promptly provide all requested information and documentation regarding and access to Supplier's manufacturing process, including on-site inspections, bill-of-material data, tooling and process detail and samples of Supplies and components; and

28.1.3. Subject to Supplier's actual capacity constraints, Supplier will provide special overtime production, storage and/or management of extra inventory of Supplies, extraordinary packaging and transportation and other special services as expressly requested by MICRODYN in writing. If the transition occurs for reasons other than Supplier's termination for Default, MICRODYN will, at the end of the transition period, pay the reasonable, actual cost of the assistance under this Subsection 28.1.3, provided that Supplier has advised MICRODYN prior to incurring such amounts of its estimate of such costs. If the parties disagree on the cost of Transition Support, MICRODYN will pay the agreed portion to Supplier without prejudice to Supplier's right to seek to recover of any disputed amounts.

29. Applicable Law and Arbitration

A Purchase Order shall be governed by the laws of California without regard to conflict of laws provisions thereof, and litigation arising under or related to a Purchase Order shall be brought only in that jurisdiction. The U.N. Convention for the International Sale of Goods is expressly excluded.

30. Competitiveness

Supplier shall offer Supplies for sale at terms and conditions at least as favorable as those offered to MICRODYN by other qualified suppliers. Should MICRODYN determine, in its sole discretion, that Supplier has failed to maintain competitiveness with respect to cost, quality, delivery or technology of any of the Supplies, then MICRODYN and Supplier shall review the situation within 30 days of notification by MICRODYN. In the event that Seller is unable to become competitive in the deficient area within 45 days of notification by MICRODYN, which determination shall be within MICRODYN's sole discretion, then MICRODYN shall have the right to terminate all or any part of this Agreement.

These Terms of Purchase are the basis of the supply relationship existing with you and shall apply to all of your deliveries and services with immediate effect. Please confirm these conditions for us by returning the signed document to us.

We have received and acknowledged your current Terms of Purchase for production material.

Please contact your responsible purchaser at MICRODYN if you have any queries.

Place, date

Company Name

Signature, company stamp