

PARRY LABS COMMERCIAL PURCHASE TERMS AND CONDITIONS

1. DEFINITIONS

The Terms and Conditions (“Terms”) contained herein shall apply to all quotations and offers made to PARRY LABS, LLC (hereinafter referred to as “PARRY LABS” or “Buyer”) and subsequent purchase orders issued by PARRY LABS relating to such quotations, offers, or proposals. (PARRY LABS and Seller may also be referred to as “Party” or “Parties.”) To the extent the Terms conflict with the terms of the PARRY LABS customer contract referenced on the face of the purchase order, these Terms shall govern unless Seller receives written notification by PARRY LABS stating otherwise.

2. ISSUANCE AND ACCEPTANCE

Issuance of Buyer’s order is conditioned upon Seller’s acceptance of the terms and conditions herein, irrespective of whether the Seller accepts these conditions by a written acknowledgement, by implication, or acceptance and payment of products ordered hereunder. Seller’s failure to object to provisions contained in any communication from PARRY LABS shall not be deemed a waiver of the provisions herein. Any changes in the terms contained herein must specifically be agreed to in writing signed by an authorized representative of PARRY LABS before becoming binding on either party. This Order sets forth the entire understanding of the Parties with respect to the subject matter, and is intended as a complete and exclusive statement of the agreement between the Parties.

3. PRICE, TAXES AND QUOTATIONS

All prices in this Order are firm, and are exclusive of any present or future sales, revenue or excise tax, value added tax, turnover tax, import duty (including brokerage fees) or other tax applicable to the manufacture or sale of any product. Such taxes, when applicable, shall be paid by Seller unless Seller provides a proper tax exemption certificate. Unless otherwise agreed to in writing by the parties, prices quoted by Seller are those current at the date of quotation.

4. DELIVERY

Unless otherwise agreed in writing, sales are FOB PARRY LABS’ facility. Seller may deliver products in one or more consignment and invoice each consignment separately. Unless otherwise agreed in writing, delivery time is not of the essence. PARRY LABS does not accept liability for any loss arising from delay in delivery of products.

5. PAYMENT

Unless otherwise agreed in writing, Payment terms shall be net thirty (30) days from the receipt of invoice. Unless otherwise agreed in writing, all payments are to be in United States dollars.

6. INSPECTION AND TESTING

Buyer shall have the right to inspect and test any of the goods and services covered by this Order prior to, during, and after performance and delivery, notwithstanding prior payment. The Parties expressly

agree that payment shall not constitute final acceptance.

Buyer, at its option, may either reject any material or work not in conformity with the requirements and terms of this Order, or rework the same at Seller's expense. Buyer, upon inspection, may reject the shipment if found to be nonconforming with this Order. Rejected material may be returned at Seller's risk and expense at the full invoice price plus applicable handling and transportation charges. No replacement of defective material or work shall be allowed unless specifically approved by Buyer.

Inspection or the waiver of inspection shall not relieve the Seller from full responsibility for furnishing goods, deliverables and work conforming to the requirements of this Order, nor prejudice any claim, right, or privilege the Buyer may have because of the use of defective or unsatisfactory goods, deliverables or work.

Seller will provide reasonable support and access to Buyer in the inspection and testing of the goods and services without additional charge.

7. INSURANCE, INDEMNIFICATION, AND LIABILITY

Seller assumes the following risks: (1) all risks of loss or damage to all goods, deliverables, work in process, materials, and other things until the acceptance thereof as herein provided; (2) all risks of loss or damage to third persons and their property until the acceptance of all the goods or deliverables as herein provided; (3) all risks of loss or damage to any property received by Seller from or held by Seller or its supplier for the account of Buyer, until such property has been accepted by Buyer or its customer, as the case may be; (4) all risks of loss or damage to any of the goods, deliverables or part thereof rejected by Buyer, from the time of shipment thereof to Seller until redelivery thereof to Buyer; (5) disallowance of any costs; and (6) any fines or penalties that arise out of any claims submitted by Buyer on behalf of Seller, or that arise out of any action or inaction by Seller.

Seller shall indemnify, defend and hold Buyer and its customers harmless from and against any and all damages, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of or relating to any claims, causes of action, lawsuits or other proceedings, regardless of legal theory by reason of the buying, selling, or use of any of the goods, that result, in whole or in part, from Seller's (including its subcontractors, employees, agents, suppliers or representatives): (1) intentional misconduct, negligence, or fraud and (2) breach of any representation, warranty or covenant made herein.

Buyer shall promptly notify Seller of any claim against Buyer that is covered by this indemnification provision and shall authorize Seller to settle or defend any such claim or suit and to represent both parties in, or to take charge of, any litigation in connection therewith.

Seller shall maintain insurance in at least the following amounts: (a) **Commercial General Liability** with the following minimum limits and endorsements: \$1,000,000 Limit Per Occurrence, \$1,000,000 Personal and Advertising Injury, \$1,000,000 Products/Completed Operations, \$2,000,000 General Aggregate Limit, \$300,000 Fire Legal Liability, \$10,000 Medical Payments; (b) **Automobile Insurance**: \$1,000,000 combined single limit per accident for bodily injury and property damage. Auto Liability coverage must be provided on a hired and non-owned basis if there are no company owned or leased

vehicles; (c) **Standard Workmen's Compensation and Employer's Liability Insurance:** in the minimum amount of \$500,000 or such greater amount as may be proper under applicable state or federal statutes. Buyer may request certificates of such insurance prior to commencement of work. Upon Seller's failure thereof, PARRY LABS may obtain, at Seller's expense, the insurance coverage required for such compliance. Seller also agrees to provide insurance for all PARRY LABS property in Seller's possession against loss or damage resulting from fire or theft, including extended coverage, malicious mischief and vandalism. PARRY LABS shall be given at least thirty (30) days advance written notice where possible of cancellation of any such insurance.

8. CONFIDENTIAL INFORMATION

Except as required by law, neither party shall use (except for purposes connected with the performance of its obligations hereunder), divulge or communicate to any third party any information of the other it reasonably knows to be confidential. Buyer and Seller agree that acceptance of PARRY LABS request for proposal or quote, Seller's proposal/quote received by Buyer and subsequent issue of an order shall include both Parties responsibility to hold and safeguard all Confidential and Proprietary Information exchanged between the Parties.

Transmitting Party agrees to mark such information and the receiving Party shall notify the other Party when such information is no longer required and shall request instructions pursuant to destruction or returning information to the other Party. This article may be superseded by a formal Proprietary Information Agreement is executed by the Parties.

9. FORCE MAJEURE

Buyer or Seller shall not be in breach of its obligations and shall not be liable in any way for any loss, damage or expense caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence such as, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers.

10. EXPORT REGULATIONS

Seller agrees to comply fully with all laws and regulations concerning the purchase and sale of products. In particular, Buyer agrees to comply with the Export Administration Regulations "EAR" of the United States and the European Union in so far as they apply to the sale of products. The products are licensed by the United States and the European Union for delivery to the ultimate destination as shown on the shipment/invoice address and any contrary diversion is prohibited.

11. ASSIGNMENT AND SUBCONTRACTING

Buyer shall be entitled at all times to assign its rights under the contract for any part of the work or services to be provided by the Seller under the contract as it deems necessary or desirable.

12. WAIVER

Failure by PARRY LABS to exercise or enforce any rights hereunder shall not be deemed to be a waiver of any such right nor operate so as to bar the exercise or enforcement thereof at any time or times

thereafter.

13. APPLICABLE LAW

Unless otherwise agreed in writing, the terms and conditions contained herein shall be governed by and construed under the laws of the Commonwealth of Virginia. Any dispute arising from or in connection with these Terms will be brought before the competent court in the Commonwealth of Virginia.

14. WARRANTY

Seller warrants that all the items and services furnished hereunder shall:

- a) conform fully with all requirements of this order
- b) conform to approved sample or samples, if any; unless detailed designs have been furnished by Buyer, be fit for the use as intended by Buyer
- c) be free from defects in material, workmanship, design and fabrication; and be performed with that degree of skill and judgment normally exercised by recognized professionals delivering or performing the same or similar items or services
- d) Except for latent defects, Seller guarantees all services and items, parts, components, and assemblies furnished hereunder against any defects in design, material, or workmanship for twelve (12) months from the date of acceptance at Buyer's location. In the case of latent defects, the Buyer's rights to corrective action by Seller shall commence upon Buyer's discovery of the latent defect and notification of Seller thereof.
- e) If, within the warranty period, any defect or failure appears, Buyer shall have the right to take the following actions:
 - i retain such defective services or item(s) and an equitable adjustment will be made in the order price, or
 - ii reject such defective services or item(s) and require Seller to promptly remove and repair or replace such defective services or item(s) at Seller's sole expense
 - iii (including shipping costs), with risk of loss and damage for the rejected, corrected or replacement services and item(s) while in transit borne by Seller
 - iv correct or replace such defective services and item(s) with similar services or item(s) and recover the total cost (including shipping costs) thereof from Seller. Services or item(s) rejected shall be removed promptly by Seller at its expense and its risk; even if the parties disagree whether or not Seller has breached this warranty, Seller shall promptly comply with Buyer's directions to provide warranty work pending resolution of the disagreement.
- f) Upon discovery of any defect or failure within the warranty period provided hereby, the following conditions shall apply:
 - i Buyer shall furnish written notice to Seller of the services or item(s) involved and set forth the nature of the defect(s) or failure(s) discovered
 - ii within ten (10) days after receipt by Seller of such notification, Seller shall provide in writing to Buyer the following information:
 - 1) acknowledgment of the notification given by Buyer of the defect or

- failure
- 2) the corrective action to be taken by Seller to remedy the defect or failure
- 3) disposition instructions regarding the defective material or equipment,
- 4) the date that the defective services and items will be repaired, corrected or replaced as applicable and redelivered to the appropriate destination as directed by Buyer, or
- 5) with the advance approval of Buyer, submit a proposed price reduction to this order for Buyer's consideration pursuant to (3) above
- 6) Neither approval by Buyer of Seller's design or material used nor Buyer's inspection of same shall relieve Seller from any obligations under the warranties set forth in this Article. The word "item(s)" as used herein includes parts, components, assemblies, materials, equipment, services and data required under this order
- 7) Any services or item(s) corrected or replaced pursuant to this Article shall be subject to all provisions of this Article to the same extent as services and item(s) initially delivered
- 8) The aforesaid warranties shall survive acceptance and payment and shall run to Buyer, its customers and the users of these services and item(s) and shall not be deemed to be the exclusive rights of Buyer but shall be in addition to other rights of Buyer under law, equity, and the terms of this order.

15. INDEMNIFICATION RELATED TO PATENTS, COPYRIGHT, TRADEMARK AND DATA INDEMNITY

Seller represents and warrants that all goods and services (for purposes of this Section hereinafter "items"), provided by Seller pursuant to this Order, which are not of Buyer's design, do not infringe or misappropriate any third party intellectual property rights and that any use or sale of such items by Buyer or any of Buyer's customers shall be free from any claims of infringement.

Seller agrees to indemnify and save harmless the Buyer, its officers, employees, agents, representatives, or any of its customers buying or using the goods or deliverables specified herein from any loss, damage, or injury (including all costs and expenses, including attorneys' fees) arising out of a claim or suit at law or equity for actual or alleged misappropriation of trade secrets, or infringement of copyrights, trademarks or patents, by reason of the buying, selling, or using the goods or deliverables supplied under this Order, and Seller agrees to assume the defense of any and all suits and will pay all cost and expenses incidental thereto if requested to do so by Buyer.

Seller may, in Seller's discretion, replace or modify infringing items with comparable items acceptable to Buyer of substantially the same form, fit, and function so as to remove the source of infringement, and Seller's obligations under this Order, including those obligations contained in this item, shall apply to the replacement and modified items. If the use or sale of any of the above items is enjoined as a result of such claim, suit or action, Seller, at no expense to Buyer, shall obtain for Buyer and its customers the right to use and sell said item.

16. COUNTERFEIT PART CONTROLS

Seller shall purchase parts, materials and assemblies directly from authorized sources. Only new and authentic materials are to be supplied or used in products delivered to Buyer. No counterfeit or suspect counterfeit parts are to be delivered or contained within delivered product. All EEE parts shall only be purchased directly from the OCM or Authorized Distributors. Parts shall not be purchased from Independent Distributors (IDs) without written consent from Buyer. Procurement practices and documentation shall enable traceability back to the applicable OCM for each purchase transaction. Procurement practices and documentation shall enable traceability back to the applicable OCM/OEM or AD for each purchase transaction.

Commercial Off-The-Shelf (COTS) electronic, electro-mechanical and mechanical assemblies shall only be purchased from the OEM or Authorized Resellers.

All non-electronic component parts and materials shall be purchased from approved suppliers and require traceability to the Original Equipment Manufacturer or material producer by means of a Certificate of Conformance or equivalent document for commercial items, or a Certificate of Conformance and Traceability for military QML/QPL items. Any such certification must originate from the OEM or material producer, or a distributor that is no more than one transaction removed from the OEM.

If Seller becomes aware or suspects that it has furnished Counterfeit Parts to Buyer under this Order, Seller shall promptly notify Buyer of such no later than thirty (30) days from that discovery. Seller shall replace, at Seller's own expense, such Counterfeit Parts with OEM or Buyer-approved Items that conform to the requirements of this Order.

Seller shall be liable for all costs related to the replacement of Counterfeit Parts and any testing or validation necessitated by the installation of authentic Items or components of Items after Counterfeit Parts have been replaced.

"Authorized Distributor" means a Distributor distributing product within the terms of an Original Component Manufacturer (OCM) or the Original Equipment Manufacturer (OEM) contractual agreement. Contractual Agreement terms include, but are not limited to, distribution region, distribution products or lines, and warranty flow down from the OCM/OEM. Under this distribution, the distributor would be known as an Authorized Distributor (AD). The term Franchised Distributor is considered synonymous with Authorized Distributor.

"Authorized Source" means Original Component Manufacturers (OCM), Original Equipment Manufacturer (OEM), Authorized Distributor (AD).

"Authorized Reseller" means a reseller that purchases parts and materials exclusively from the OCM, OEM, or their AD and then sells the products to the end user. Chain of custody is maintained throughout the process. "Resellers" apply to certain Commercial Off-The-Shelf (COTS) assemblies and commodities such as Information Technology (IT) equipment, hardware, fasteners, and raw materials.

“Electrical, Electronic, and Electromechanical (EEE) Parts” means components designed and built to perform specific functions using electricity that are not subject to disassembly without destruction or impairment of design use. Examples of electrical parts include resistors, capacitors, inductors, transformers, and connectors. Electronic parts include active devices, such as monolithic microcircuits, hybrid microcircuits, diodes, and transistors.

All of the above counterfeit parts prevention requirements shall be flowed down to sub-tier suppliers.

17. CORRECTIVE ACTION SYSTEM

Seller shall have a functioning system for closed loop corrective action. Seller agrees to provide to Buyer corrective action using Buyer’s **Form 10018-1024** (Supplier Corrective Action Request) within 30 days from issuance of a SCAR. Seller further agrees to:

- Conduct a thorough failure/root cause analysis identifying the cause(s) for the discrepancy(ies) noted;
- Determine and take the necessary corrective action(s) to prevent recurrence;
- Identify whether any previous shipments for the subject or similar parts contain the noted discrepancy; and
- Identify the effectiveness of the corrective action(s).

18. CALIBRATION REQUIREMENTS/SYSTEM

All Measurement and Test Equipment (M&TE) used for formal acceptance of product must be calibrated using standards whose accuracies are traceable to the National Institute of Standards and Technology. M&TE shall be identified with calibration status and traceable back to the calibration certification. Calibration procedures/system must be maintained which provide sufficient information for recall and periodic calibration of M&TE.

19. SHELF LIFE MATERIAL CONTROL PROGRAM

Seller shall establish a shelf life and storage control program to ensure that no material that has exceeded its shelf life can be used in the assembly of Buyer’s product. Such a program shall include policies and procedures for:

- Identifying and maintaining a database (a list) of all items that have shelf-life limitations and/or special storage requirements;
- A receiving inspection process that can ensure that all incoming products are still within their shelf-life limitation period;
- A process for physically identifying, labeling, or coding each item so that its shelf life can be readily determined and stating that the item is under shelf-life control; and
- A procedure(s) for reviewing (auditing) the status of all items under shelf-life controls both in stock and previously issued items/products.

20. NONCONFORMING MATERIAL CONTROL

For product manufactured to a Parry Labs Technical Data Package, nonconforming material shall be identified, documented, evaluated, segregated and dispositioned to prevent its unintended use. Unless otherwise stated in the Purchase Order, Seller is authorized to conduct limited Material Review and disposition of both Seller and Buyer owned nonconforming products identified by Seller using the following disposition alternatives:

rework to applicable requirements, scrap, or RTV – return to (the Supplier's) sub-tier source for rework or replacement.

Nonconforming products are defined as any products that fail to meet the requirements of Buyer's engineering drawing, specification, Purchase Order or other approved product description, including products (such as products under Seller's proprietary design control) which fail to meet requirements established and controlled by Seller or the Seller's sub-tier sources.

Seller may propose and formally request a "use-as-is" or repair (salvage) disposition from Buyer by submitting **Form 10018-1025**, "Supplier Information Request," to Buyer's Procurement Representative. Seller's Material Review and nonconforming product disposition records, as well as the material review records at Seller's sub-tier sources are subject to on-site verification by Buyer to ensure that Seller is in compliance with these requirements.

Seller shall not ship any nonconforming products that have not been dispositioned by Buyer's MRB unless authorized by Buyer in writing.

21. SUPPLIER CONTROL

Seller, as the recipient of the Purchase Order, is responsible for meeting all Purchase Order- specified technical and quality requirements, whether Seller performs the work, or the work is performed by Seller's sub-tier sources. When Seller uses sub-tier sources for components or to perform work on products and/or services, Seller shall flow down on Purchase Orders or Contracts, to its sub-tier sources, all of the applicable technical and quality requirements of Buyer's Purchase Order.

22. TERMINATION

Buyer may terminate this Agreement (in whole or in part) at any time for its convenience if the Buyer determines that a termination is in the Buyer's best interest and/or if the Services are terminated under the Prime Contract. In such event, Buyer shall advise Seller by written notice as soon thereafter as practicable of such termination and Seller shall cooperate in all respects with such termination, including stopping all applicable work, placing no further orders (or subcontracts, to the extent permitted hereunder) respecting the stopped work except as required by the Customer, and terminating all orders (or subcontracts to the extent permitted hereunder) respecting the stopped work. Buyer shall only pay invoices for work performed or expenses that have been pre-approved in writing by the Buyer prior to the effective date of the termination in Buyer's notice.

Buyer may also, subject to the subparagraphs below, by written notice of default to the Seller, terminate this Agreement (in whole or in part) if the Subcontractor fails to:

1. Furnish the Services in accordance with requirements set out in the Order;
2. Make progress, so as to endanger performance under any Order; or
3. Perform any other of its obligations in the Order, and/or breaches or defaults under this Order or any Order issued to Seller from Buyer.

Buyer's right to terminate may be exercised if the Seller does not cure such failure within the time period set forth in a written notice of cure, if a cure is possible. Notwithstanding the foregoing, Buyer may immediately exercise its termination rights should Seller breach its promises herein as to non-disclosure and intellectual property.