

# TERMS AND CONDITIONS OF PURCHASE FOR U.S.A.

Any purchase by Aigis Mechtronics, INC. or any other entity indicated on the reverse side hereof or attachment hereto as the purchaser (hereinafter referring to as "Aigis") is expressly made conditional on the assent of the seller (hereinafter referred to as "Seller") to these Terms and Conditions of Purchase.

1. **ACCEPTANCE** - This Order constitutes an offer of Aigis to Seller and commencement of performance pursuant to this Order shall constitute acceptance by Seller. Conditions stated by Seller in acknowledging receipt of this Order shall not affect Aigis' offer as represented by this Order and shall not be binding on Aigis unless expressly agreed to in writing by Aigis.

2. **DELIVERIES AND PERFORMANCE** - Aigis' production schedules are based upon the agreement that the goods will be delivered to Aigis, or services performed for Aigis, by the date specified on the face of this Order. **TIME IS, THEREFORE, OF THE ESSENCE OF THIS ORDER.** If Seller fails to make deliveries or perform the services at the time agreed upon, performs the work hereunder in such a fashion as endangers Aigis' ability to make timely deliveries or to render timely performance of services, or fails to make satisfactory progress so as to endanger Seller's timely performance, Aigis may (a) cancel or void the contract or purchase elsewhere and hold Seller accountable for any additional costs or damages incurred by Aigis, (b) obtain specific performance (whether or not Aigis has sought cover or substitution), or (c) seek any other remedy available at law, in equity or otherwise.

3. **PRICES** - Seller's price shall not be higher than last quoted or charged to Aigis or its affiliates unless otherwise agreed in writing. Invoices must be rendered for each shipment under this Order on date of shipment. If not received promptly, invoices may be returned for redating. If before completing performance hereunder Seller shall sell any goods or provide any services of the kinds and specifications covered by this Order to any other customer at a price that is lower for the same or a lesser quantity of goods or for comparable services than the price then in effect hereunder, then the price shall be reduced to such lower price.

4. **QUANTITIES** - Shipments must equal exact amounts ordered unless otherwise agreed by Aigis.

5. **WARRANTY** - Seller warrants all goods or services delivered hereunder to be merchantable, of good materials and workmanship and free from defects, and fit for Aigis' purposes of which Seller expressly or impliedly has knowledge and to conform strictly to the specifications, drawings, or samples specified or furnished. This warranty shall survive any inspection, delivery, or acceptance of the goods or services or payment therefor by Aigis.

6. **INSPECTION AND REJECTION** - Final inspection shall be on Aigis' premises unless otherwise agreed in writing. Goods rejected as not conforming to this Order shall be returned to Seller, freight collect, and Seller will be debited for the inbound transportation cost plus handling expense. Such rejected goods shall be deemed to be the property of Seller. Aigis shall have the right from time to time to send to Seller's manufacturing facilities its personnel for performing tests upon the goods covered by this Order to ascertain that specified quality standards are being maintained. Aigis' personnel shall have the privilege of visiting all places within the various facilities where raw materials, components, or equipment are stored or where manufacturing is being accomplished incident to fulfilling this Order. Aigis' personnel shall have the privilege of using Seller's test equipment for the purpose of performing necessary tests.

7. **AIGIS' PROPERTY** - All goods (including tools) furnished or specifically paid for by Aigis shall be the property of Aigis, subject to removal at any time without additional cost upon demand by Aigis, used only in filling orders from Aigis, kept separate from other goods or tools and clearly identified as the property of Aigis. Seller assumes all liability for loss or damage, with the exception of normal wear or tear and shall supply detailed statements of inventory upon request of Aigis.

8. **PATENTS** - Seller agrees to defend, at its own expense, Aigis and distributors and dealers in and users of the products of Aigis, and to hold them harmless, with respect to any and all claims that the goods or services furnished under this Order infringe any U.S. and/or foreign Patent, and with respect to any and all suits, controversies, demands, liabilities, and expenses (including reasonable attorneys' fees and expenses) arising out of any such claim, provided that the foregoing shall not apply to any infringement resulting from Seller's use of a patented invention required to comply with the written instructions of Aigis, if such patented invention is not normally utilized by Seller. If Aigis' use or sale of goods or services covered by this Order is held to constitute any such infringement, Seller shall at its expense either procure for Aigis its customers and users the right to continue using or selling such goods or services or replace them with noninfringing goods or services.

9. **SURVIVAL** - The terms and conditions of this Order applicable to warranty, patent indemnity, sale of parts subsequent to cessation of sales of the goods or provision of services covered by this Order and all obligations accrued up to the effective date of the expiration or termination of this Order pursuant to its terms shall survive such expiration or termination.

10. **TAXES** - Except as may be otherwise provided in this Order, the price includes all applicable Federal, State, and Local taxes.

11. **ASSIGNMENT** - Neither this Order nor any interest under it shall be assigned by Seller without the prior written consent of Aigis, except that claims for monies due or to become due under this Order may be assigned by Seller without such consent, subject to the provisions of this paragraph. Aigis shall promptly be furnished with two signed copies of any such assignment. Payment to an assignee of any such claim shall be subject to set-off or recoupment for any present or future claim or claims which Aigis may have against Seller except to the extent that any such claims may be expressly waived in writing by Aigis. Aigis reserves the right to make direct settlements and/or adjustments in price(s) with Seller notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.

12. **CHANGES** - Aigis may at any time, by a written order, and without notice to any sureties, make changes within the general scope of this Order in any one or more of the following: (i) drawings, designs, or specifications; (ii) method of shipment or packing; (iii) quantities of goods or services to be furnished; (iv) place of delivery; and (v) delivery schedules. If any such change causes an increase or decrease in the cost of or the time required for the performance of any part of the work under this Order, whether changed or not changed by any such order, an equitable adjustment shall be made in the price or delivery schedule, or both, and the Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted in writing within thirty (30) days from the date of receipt by Seller of the notification of change, provided, however, that Aigis, if it decides that the facts justify such action, may, but is not obligated to, receive and act upon any such claim asserted at any time prior to final payment under this Order. However, nothing in this clause shall excuse Seller from proceeding with this Order as changed. Aigis engineering, technical, and other personnel may from time to time render assistance or give technical advice to or exchange information with Seller's personnel concerning this Order or the goods or services to be furnished hereunder. However, such assistance, advice, statements, or exchange of information shall not constitute a waiver with respect to any of Seller's obligations or Aigis' rights hereunder or be authority for any change in the goods or services ordered. Any such waiver or change to be valid and binding upon Aigis must be in writing and signed by an authorized representative of Aigis' Purchasing Department. In case of any doubt, Seller should promptly consult Aigis' Purchasing Department for further instructions. Where the cost of property made obsolete or excess as a result of a change is included in Seller's claim for adjustment pursuant to this clause, Aigis shall have the right to prescribe the manner of disposition of such property.

13. **GOVERNMENT CONTRACT PROVISIONS** - If the goods and/or services are for use in connection with a government contract, this Order shall also be governed by the terms and conditions set forth in said government contract and such terms all other provisions made applicable by law are hereby incorporated herein.

14. **BANKRUPTCY** - In the event of any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against 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, then Aigis may cancel this Order for default and hold Seller accountable for any additional costs or damages incurred by Aigis.

15. **CONTRACT** - The parties hereto agree that this Order and the acceptance thereof shall be a contract governed by the laws of the State of North Carolina, U.S.A. If this Order involves a sale of goods to which the United Nations Convention on Contracts for the International Sale of Goods applies, in the event of any inconsistency between the terms of this Order and the provisions of such Convention, the terms of this Order shall prevail.

16. **GENERAL SHIPPING INSTRUCTIONS** - For shipments made F.O.B. shipping point: (a) All shipments moving in one day to the same location via the same carrier should be consolidated on one bill of lading. (b) Unless otherwise specifically instructed, shipments via limited liability carriers (Air Exp., Air Freight, UPS, etc.) and those subject to released value ratings shall be declared at the value which will secure the lowest transportation charge. (c) Any losses resulting from deviation from Aigis' routing instructions will be charged to Seller's account.

17. **MARKING - COUNTRY OF ORIGIN** - Goods and/or containers shall be marked as per Aigis' specifications. If the goods are not manufactured or produced in the United States of America, the goods covered by this Order shall be marked with the country of origin in English. The country of manufacture or production is deemed the "country of origin." Scientific and laboratory instruments shall be legibly and conspicuously so marked by die-stamping, case-in-the-mold lettering, acid or electrolytic etching, engraving, or by means of metal plates securely attached to the goods in a conspicuous place by welding, screws, or rivets. If the goods are not classifiable as specified above, any method of legible and conspicuous marking is acceptable provided it will require a deliberate and persistent effort to remove such marks of origin. If the goods are exempted from these marking requirements by one or more of the following reasons: (a) such goods are incapable of being marked, (b) such goods cannot be marked without injury, (c) such goods cannot be marked except at an expense economically prohibitive, (d) such goods are a crude substance, the container holding such goods must meet the requirements specified above.

18. **PROOF OF SHIPMENT** - Seller shall forward to Aigis with the invoice, the express receipt or bill of lading, signed by the carrier, evidencing the fact that shipment has been made. Seller shall receive and retain a mailing receipt for uninsured parcel post.

19. **SUPPLEMENTARY INFORMATION** - Any specifications, drawings, notes, instructions, engineering notices, or technical data referred to in this Order shall be deemed to be incorporated herein by reference as if fully set forth. In case of any discrepancies or questions, refer to Aigis' Purchasing Department for decision, instructions, or interpretation.

20. **TITLE TO DRAWINGS AND SPECIFICATIONS** - Aigis shall at all times have title to all drawings and specifications furnished by Aigis to Seller and intended for use in connection with this Order. Seller shall use such drawings and specifications only in connection with this Order and shall not disclose such drawings and specifications to any person other than Aigis' or Seller's employees, subcontractors, or Government inspectors. Seller appoints Aigis as its attorney in fact to prepare, sign and file or record any financing statement, applications for registration and similar papers and to take any other action deemed necessary or desirable in order to further protect Aigis' ownership interest. Seller shall, upon Aigis' request or upon completion of the Order, promptly return all drawings and specifications to Aigis.

21. **INFORMATION DISCLOSED** - Unless otherwise expressly provided in this Order, no information or knowledge, heretofore or hereafter disclosed to Aigis, in the performance of or in connection with this Order, shall be deemed to be confidential or proprietary, and any such information or knowledge shall be free from any restrictions (other than a claim for patent infringement) as part of the consideration for this Order.

22. **INDEMNIFICATION** - Seller shall defend, indemnify, and hold Aigis harmless against all damages, claims, liabilities, and expenses (including attorneys' fees) arising out of or resulting in any way from any defect in the goods or services purchased, or from any act or omission of Seller, its agents, employees, or subcontractors. This indemnity shall be in addition to the warranty obligations of Seller. If Seller's agents, employees, or subcontractors enter upon premises occupied by or under the control of Aigis, or any of its customers or suppliers, in the course of the performance of this Order, Seller shall take all necessary precautions to prevent the occurrence of any injury (including death) to any person, or any damage to any property, arising out of any acts or omissions of such agents, employees or subcontractors. Seller shall maintain such Public Liability, Property Damage and Employer's Liability and Workers' Compensation Insurance as will protect Aigis from any of said risks and from any claims under any applicable Workers' Compensation and Occupational Disease Acts. Seller shall also indemnify and hold Aigis harmless against any dumping or other duties imposed against the goods purchased hereunder.

23. **COMPLIANCE WITH LAWS** - Supplier warrants and represents that Supplier complies with all local, state, and Federal environmental laws, regulations, and guidelines, including the identification and procurement of required permits, certificates, license, insurance, approvals, and inspections and will continue to do so throughout the term of this agreement. Supplier further agrees to promptly notify Aigis in the event that any environmental factors associated with Supplier's products, services and/or processes may adversely impact Aigis or its employees, either directly or indirectly. Such impacts may involve, but are not limited to, direct exposure to toxic substances in Supplier's products and/or processes, and/or negative publicity or litigation arising from Supplier's use of endangered species or other environmentally sensitive materials.

Supplier shall indemnify and hold harmless Aigis, its affiliates and respective officers and directors from any breach of this provision.

24. **PUBLICITY, PROMOTION OR ADVERTISING** - Seller shall not, without Aigis' prior written consent, issue any news release, advertisement, publicity or promotional material regarding this Order (including denial or confirmation thereof).

25. **TITLE AND DELIVERY OF GOODS** - When goods are purchased F.O.B. Seller's plant or shipping point, the goods shall not be considered as delivered and title thereto shall not pass until the goods reach the Aigis receiving point indicated hereon. However, Aigis assumes responsibility at the F.O.B. point for carrier routing, transportation charges, and risk of loss or damage to the goods in transit.

26. **CANCELLATION** - This Order is subject to cancellation, in whole or in part, by Aigis without liability except as hereinafter provided. Upon receipt of such notice of cancellation from Aigis, Seller shall immediately stop work on the portion of the Order cancelled and cancel with its vendors, where possible, orders for undelivered parts and materials, affected by such cancellation. If any part of this Order is canceled, Aigis shall pay to Seller, for the cancelled portion, all costs incurred by Seller for work in process, including costs of material and parts acquired by Seller which would have been utilized on the cancelled portion of this Order which cannot be utilized by Seller in production of Seller's standard products.

27. **SELLER'S REMEDIES** - In the event of breach by Aigis of the provisions hereof, Seller's remedies shall be as provided by the laws of the State referred to in Paragraph 15. If the United Nations Convention on Contracts for the International Sale of Goods applies, Seller shall be entitled to require Aigis to take delivery of goods and to recover the purchase price only if Seller is unable after diligent effort to resell such goods. **IN NO EVENT SHALL AIGIS BE LIABLE TO SELLER FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES. NOR SHALL AIGIS BE LIABLE FOR PENALTIES OF ANY DESCRIPTION.**