

## **PURCHASE ORDER TERMS AND CONDITIONS**

**ENTIRE AGREEMENT:** Any specifications or drawings, and any Special Terms and Conditions incorporated into and attached hereto, constitute the sole and entire agreement between the parties concerning the subject matter hereof. No other terms or conditions shall be binding unless accepted in writing by Applied Systems Engineering, Inc. or referenced on the face of this Purchase Order. In case of any discrepancies or questions, the Seller shall refer to Applied Systems Engineering, Inc. for instructions or interpretation. If the Seller's proposal is incorporated in this Agreement by reference on the face hereof, such proposal shall be effective only to the extent that its terms are consistent with the other terms of this Purchase Order. No course of prior dealing shall be relevant to supplement this Agreement.

**PARTIES, AGENCY AND DEFINITIONS:** "Seller" means the person, firm or corporation to which this Purchase Order is addressed. "ASEI" means Applied Systems Engineering, Inc., and any of its Affiliates (as stated on the face of this order), and the company that is executing this agreement. The term "Owners" refers to Applied Systems Engineering, Inc. The terms "Agreement" and "Purchase Order" as used herein are synonymous. The terms "Goods" refers to the items and related documentation referenced on the face of this Purchase Order and shall include any incidental services performed by Seller under this Agreement.

**ACCEPTANCE OF PURCHASE ORDER:** Written confirmation or delivery of any items ordered constitutes acceptance hereof by Seller and establishes a binding contract between Applied Systems Engineering, Inc. and Seller which shall supersede any other agreements covering the subject matter of this Agreement made prior to the date of this Purchase Order. Seller has five (5) days to respond to Applied Systems Engineering, Inc. with any modifications to the Purchase Order or Purchase Order will be deemed acceptable to Seller. Any other provisions proposed by Seller's acceptance or any agreement modifying this order shall not be binding unless agreed to in writing by a duly authorized representative of Applied Systems Engineering, Inc.

**WARRANTIES:** Seller warrants that all Goods delivered under this Agreement will be free from defects in materials and workmanship, that all Goods will conform to the requirements of this Agreement including but not limited to the applicable descriptions, specifications and drawings, and to the extent such Goods are not manufactured pursuant to detailed designs, that there are no liens, claims or encumbrances against said Goods. Seller shall assign qualified and competent personnel to the performance of any incidental services required by this Agreement, and Seller and such personnel shall use their best efforts to perform the services described in this Agreement, in the most expeditious and professional manner consistent with the interest of Seller warrants that the services will be performed in conformance with the highest standards of care and practice appropriate to the nature of the services rendered.

**INVOICES AND PAYMENT:** Unless otherwise provided in this Agreement, no invoices shall be issued nor payments made prior to delivery. Individual invoices must be issued for each shipment under this order. Discount invoices will be payable based on applicable discount, period computed from the date of delivery of the Goods ordered or the date of the receipt of the correct invoice, whichever is later. Applicable freight, taxes, or duties shall be shown on invoices as separate items. No sales or use tax shall be added to any invoice for parts used in the manufacturing process without Applied Systems

Engineering, Inc.'s approval. If Seller is to invoice Applied Systems Engineering, Inc. for freight charges, a copy of the prepaid freight bill must accompany the invoice before payment can be made. Unless freight and/or other charges are itemized, any discount will be taken on the full amount of invoices. All payments are subject to adjustment for shortage or rejection.

**ACCOUNTING:** For two (2) years from the date(s) of delivery of Goods hereunder, Seller shall maintain books and records as are necessary to verify billings to Applied Systems Engineering, Inc. Such records shall be made available, as mutually agreed, at Seller's facilities for audit and inspection by Applied Systems Engineering, Inc. Any such audit shall be at Applied Systems Engineering, Inc.'s expense and conducted during Seller's normal working hours.

**DELIVERY SCHEDULE:** Deliveries shall be strictly in accordance with the schedules set out or referred to in this Agreement and in the exact quantities ordered. Time is of the essence. Whenever it appears Seller will not meet its delivery schedule, Seller shall, upon request of Applied Systems Engineering, Inc. and in addition to any other rights or remedies provided to Applied Systems Engineering, Inc., ship via expedited routing with the difference between the expedited routing and order routing costs to be borne by Seller. The right is reserved also to cancel this Purchase Order if not filled within the time and in accordance with the terms of this Agreement. However, Seller shall not be liable for delays in delivery due to causes not reasonably foreseeable which are beyond its reasonable control, such as acts of God, governmental acts or war or riot (Force Majeure). In the event of any such unforeseeable delay beyond the Seller's control, Seller shall notify Applied Systems Engineering, Inc. of the causes and the status of resolution of the Force Majeure situation and if the Force Majeure situation lasts for more than five (5) business days, the parties will meet (even if via telephone) to ascertain going forward plans and remediation efforts to resolve impact to Applied Systems Engineering, Inc.. Applied Systems Engineering, Inc. reserves the right to return any product that is delivered earlier than seven (7) days of the Purchase Order delivery date. Any early deliveries that Applied Systems Engineering, Inc. returns to Seller will be paid for by Seller.

**INSPECTION:** The Goods are subject to final inspection and acceptance by Applied Systems Engineering, Inc. at destination notwithstanding any prior payment or inspection at source. Acceptance of Goods by Applied Systems Engineering, Inc. shall not be deemed to alter or affect the obligations of Seller or the rights of Applied Systems Engineering, Inc. under any provision of this Agreement.

**REJECTION:** The making or failure to make any inspection of or payment for or acceptance of the Goods, shall in no way impair Applied Systems Engineering, Inc.'s right to reject nonconforming Goods or to avail itself of any other remedies to which Applied Systems Engineering, Inc. may be entitled, notwithstanding Applied Systems Engineering, Inc.'s knowledge of the nonconformity, its substantiality, or the ease of its discovery. Applied Systems Engineering, Inc. shall notify Seller within a reasonable time following discovery of nonconformity if any Goods delivered hereunder are rejected. Seller must pay all transportation charges both ways on rejected material. No replacement or correction of defective Goods may be made by Seller unless agreed to in writing by Applied Systems Engineering, Inc.

**CHANGES:** Applied Systems Engineering, Inc. may at any time, by written order, make changes within the general scope of this Agreement, in any one or more of the following: (a) drawings, design or specifications, (b) method of shipment or packing, (c) place of inspection, delivery or acceptance, (d) quantities, (e) delivery schedules. If any such changes cause an increase or decrease in the cost of or the time required for the performance of any part of the work under this Agreement, an adjustment shall be

made in the price to reflect any additional costs or savings and/or an adjustment shall be made in the delivery schedule to reflect any increase or decrease in time and this Agreement shall be modified in writing accordingly. Any claim for adjustment under this clause must be asserted within thirty (30) days from the date the change is ordered.

**PACKING AND SHIPPING:** All goods must be suitably packed and prepared for shipment and must be packed so as to secure lowest transportation rates consistent with Applied Systems Engineering, Inc.'s best interests and comply with carrier regulations. No charges will be paid by Applied Systems Engineering, Inc. for packing, crating or cartage unless stated in the order. All shipments to be forwarded on one day via one route must be consolidated. Purchase order number, item number and equipment and/or tag number(s) must appear on all shipping papers, packing lists and containers. One copy of packing list must be included with each shipment. Seller is to use carrier and method as listed on face of Purchase Order. Any exceptions to the carrier and method must be approved by Applied Systems Engineering, Inc. or Applied Systems Engineering, Inc. reserves the right to bill Seller for the expense. Applied Systems Engineering, Inc., at its sole discretion, may require Advance Ship Notices (ASN) to be complete before shipments can take place. No charges will be paid to Applied Systems Engineering, Inc. for the ASN process. All shipments currently scheduled via ASN that do not utilize the ASN process, at Applied Systems Engineering, Inc.'s discretion, may be returned to Seller, at Seller expense.

**TERMINATION:** Applied Systems Engineering, Inc. may, by written notice to Seller, terminate or suspend the whole or any part of this Agreement, and the whole or any part of any other order to the Seller for the same or similar Goods constituting a series of the orders or agreements in the event of the default as defined herein or as otherwise defined by law, provided that Applied Systems Engineering, Inc. shall pay to Seller the reasonable value of all Goods actually delivered and accepted by Applied Systems Engineering, Inc., which conform to the terms of this Agreement. Default is defined as the failure of the Seller to deliver the items covered by this Agreement within the time specified herein and in accordance with the terms of this Agreement, the suspension of Seller's business, the insolvency of Seller, the appointment of trustee or receiver for Seller's property or business or any assignment by Seller for the benefit of creditors.

**RESPONSIBILITY FOR PROPERTY:** Unless otherwise provided in this order Seller upon delivery to it or manufacture or acquisitions by it of any materials, parts or other property, which are owned or leased by Applied Systems Engineering, Inc., assumes the risk of and shall be responsible for any loss thereof or damage thereto until returned to Applied Systems Engineering, Inc. Seller shall not use any such property for any purposes other than in performance of this Agreement. Seller, in accordance with the provisions of this Agreement, but in any event upon completion thereof, shall return such property to Applied Systems Engineering, Inc. in the condition in which it was received except for reasonable wear and tear and accept to the extent that such property has been incorporated in Goods delivered under this Agreement, or has been reasonably consumed in performance of work under this Agreement.

**PATENT PROTECTION:** With respect to all Goods delivered under this Agreement and related processes or procedures, except Goods manufactured pursuant to detail designs developed and furnished by Applied Systems Engineering, Inc., Seller shall obtain for Applied Systems Engineering, Inc. the right to use any patented Goods, any to follow related patented processes or procedures, without cost to Applied Systems Engineering, Inc. and shall indemnify, defend and save owners and their agents, employees, officers, and directors harmless from and against all claims, suits, loss, damage and expenses, including attorney's fees, on account of infringement or alleged infringement of any United

States or foreign patent, arising out of the manufacture, sale or use of such Goods by Seller, the owners or any of their agents or employees.

**INDEMNIFICATION:** Seller hereby releases and agrees to defend, indemnify and hold harmless Applied Systems Engineering, Inc., its subsidiaries, affiliates and their respective employees, directors, officers, agents and subcontractors, from and against all liability, claims, damages, losses, costs and expenses resulting from any and all injuries to, or death of, any and all persons and for loss of, or damage to, property, and for loss of use thereof, to the extent arising, directly or indirectly, out of or in connection with Seller's goods purchased hereunder. Seller agrees to provide to Applied Systems Engineering, Inc. with a certificate of insurance if requested liability insurance of not less than 1,000,000 dollars in aggregate coverage. Said liability insurance shall be maintained during the duration of this agreement.

**ASSIGNMENTS:** No assignment of any rights, including rights to monies due or to become due hereunder, or delegation of any duties under this order shall be binding upon Applied Systems Engineering, Inc. until its written consent has been obtained.

**TITLE AND RISK OF LOSS:** Unless otherwise provided in this Agreement, Seller shall have title to and bear the risk of loss or damages to the Goods purchased hereunder until delivered in conformity with this Agreement at the FOB point specified on the face hereof, and upon such delivery title shall pass from Seller and Seller's responsibility for loss or damage shall cease except for loss or damage resulting from Seller's negligence. Passing of title upon such delivery shall not constitute acceptance of Goods by Applied Systems Engineering, Inc.

**COMPLIANCE WITH LAWS:** Seller warrants that in the performance of this Agreement, it has complied with or will comply with all applicable federal, state, and local laws and ordinances and all lawful orders, rules and regulations thereunder.

**PROPRIETARY INFORMATION:** The owners shall at all times have title to and Seller shall treat as proprietary all drawings, specifications, designs, processes, reports, data and other technical information furnished or disclosed to Seller by Applied Systems Engineering, Inc. in connection with this Agreement. Seller shall use such items only in the performance of this Agreement and shall promptly return all copies of any such material and information to Applied Systems Engineering, Inc. upon termination or upon Applied Systems Engineering, Inc.'s request.

**GOVERNING LAW:** The rights and obligations of the parties arising out of this Agreement shall be governed in all respects by the laws of the state of Missouri without regard to its conflict of law provisions.

**PRODUCT FLOW DOWN:** Purchasing, quality and engineering requirements are flowed down to suppliers along with key characteristics. Proper documentation shall be accessible to Applied Systems Engineering, Inc. at their request. Supplier is required to be aware of their contribution to the conformity of product or service that is being contracted with Applied Systems Engineering, Inc., their contribution to the products safety and the importance of ethical behavior always. The supplier performance for on time delivery as well as quality for contracted products and services will be monitored and reviewed on a regular basis.

**CERTIFICATION:** A Certificate of Conformance (C of C) shall be created for each delivery against a purchase order and shall include inspection reports and certification required to satisfy all quality assurance provisions.

**RECORDS:** Supplier shall maintain quality records for each purchase order for a minimum of 10 years.

**ITAR:** The information provided by Applied Systems Engineering, Inc. may be subject to U.S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR). Seller may not export or re-export any information, technical data, or supplies except in strict compliance with all U.S. export control laws and regulations, including ITAR. Technical data that are controlled by the ITAR shall not be released to foreign nationals, including employees, companies, or other entities, whether within or outside of the United States, unless the Seller shall first obtain the written consent of Applied Systems Engineering, Inc., and shall obtain the appropriate license or other advance approval from the U.S. Government. Seller's obligation to adhere to the ITAR shall survive the expiration or termination of this Purchase Order. Seller hereby agrees to defend and indemnify Applied Systems Engineering, Inc. from and against any liability that Applied Systems Engineering, Inc. may incur as a result of Seller's violation of any U.S. export or re-export control law or regulation.

**DEMIL:** All technical information provided to supplier, including detail engineering drawings must be returned to Applied Systems Engineering, Inc. on completion of the purchase order. Any drawings or technical information provided by the government on this Purchase Order must be controlled and then Demilitarized in accordance with DoDM 4160.28-M-V1,V2,V3. Any destruction must be witness by a government representative.

**ACCESS:** Supplier shall grant Applied Systems Engineering, Inc. employees and Applied Systems Engineering, Inc. customers' full access to supplier facilities and records. Access may be requested to verify product, review process quality requirements or to audit quality procedures or production systems. Supplier shall support reasonable requests for access and facilitate access to verify product or systems.

**CONFLICT MINERALS:** Applied Systems Engineering, Inc. is required to remain compliant with Section 1502 of the U.S. Wall Street Reform and Consumer Protection Act. All Applied Systems Engineering, Inc. approved suppliers are required to conduct due diligence on the presence of Conflict Minerals in their supply chain and provide accurate reporting and certifications on the presence of Conflict Minerals in products delivered to Applied Systems Engineering, Inc.. Suppliers who are unwilling or not capable of providing the information or unwilling to implement procedures which assure only conflict free products are delivered to Applied Systems Engineering, Inc. may be removed from Applied Systems Engineering, Inc.'s approved supplier status.

**SUPPLIER TERMS:** Seller acknowledges that it has received a copy of, and shall comply with, these Terms. Applied Systems Engineering, Inc. may, in its sole discretion, amend the Terms at any time.

**COUNTERFEIT AVOIDANCE AND FRAUD PREVENTION:** Seller must be able to record, maintain, and show proof of original manufacture origin for electronic components on any item as requested by Purchaser. Any component not deemed or proven to be authentic can be subject to rejection by Purchaser.