

Integrated Ideas & Technologies, Inc

F-740-004-G

Purchase Order Terms and Conditions

1. ACCEPTANCE: The acceptance of this order, by acknowledgment, shipment of goods, services, or commencement of work on supplies shall constitute acceptance of the conditions set forth below and on the face of the purchase order. No purported acceptance of the order on terms and conditions that modify, supersede or otherwise alter the terms and conditions hereof, shall be binding upon Buyer. Any shipment of goods, performance of services or commencement of work on supplies by Seller shall be deemed to be only upon the terms and conditions in the purchase order, except to the extent that an authorized purchasing representative of Buyer may otherwise expressly consent in writing, notwithstanding Buyer's acceptance or payment for any shipment of goods or similar act of Buyer.

2. DELIVERY: Delivery must be in compliance with the schedule contained in the purchase order and will be made by Seller at such times and places and of such items and quantities as specified by Buyer. If Seller encounters or anticipates difficulty in meeting the delivery schedule, Seller shall immediately notify Buyer in writing, giving pertinent details; provided however, that such data shall be informational only in character and shall not be construed as a waiver by Buyer of any delivery schedule or date or of any rights or remedies provided by law or this order.

3. PACKAGING AND SHIPMENT: All product provided under this Order shall be suitably prepared and packed for shipment so as to assure safe delivery, the lowest transportation rates, and to meet carrier's requirements unless otherwise stipulated in the Order. NO charge shall be allowed for packing, crating, or carriage unless stated in the Order. Packing list must include Purchase Order number.

4. INSPECTION: Buyer, Buyer's customer representative, and regulatory authorities shall have the right to inspect and verify the goods supplied hereunder at any time during the manufacture or fabrication thereof at Seller's facilities or elsewhere. Such inspection shall include, without limitation; raw materials, components, work in process and completed products, as well as, drawings, specifications and related data. If at any time Buyer deems necessary verification of raw materials by independent, objective source, Seller will be responsible for obtaining such test verification results. Test results may be required by Buyer or Buyer's customer at any time. Such test results will be requested at time of purchase order. Seller shall, at a minimum, perform inspection using C=0 sampling plan with an AQL of 2.5 unless otherwise specified or agreed upon in writing by Buyer.

5. APPROVED SUPPLIER PERFORMANCE AND COMMITMENT: Buyer will score Suppliers based on Quality, Delivery, and/or Service. Suppliers will be issued corrective actions as warranted. Suppliers that fail to perform in these areas may be considered for probation or removal from Buyer's Approved Supplier List. When specifically requested by Buyer in writing, Supplier will maintain a quality system in compliance to recognized Quality Management Systems and/or approved by Buyer. Seller agrees to ensure that all persons involved in the performance of this Purchase Order are aware of their contribution to product and/or service conformity, their

contribution to product safety, and the importance of ethical behavior.

6. PRICES: Unless otherwise specified, prices are F. O. B., the place shown on the face of the purchase order, and are exclusive of state sales and use taxes. No charge will be allowed for handling, packing, crating, drayage, or storage. Seller warrants that prices charged for the goods are not higher than those charged to any other customer, including the Government, for goods of like grade and quality in similar or lesser quantities.

7. PAYMENT: Seller shall be paid upon submission of properly prepared invoices in accordance with Buyer's purchase order. Any adjustments in Seller's invoice due to shortages, rejection or other failure to comply with the provisions of the purchase order or under any other order or contract between Buyer and Seller may be made by Buyer before payment.

8. LIMITED WARRANTY: Seller warrants that goods/services ordered to specifications will: (i) conform thereto and to any drawings, samples or other description furnished or adopted by Buyer, (ii) will be fit and sufficient for the purpose intended, (iii) are merchantable, of good material and workmanship and free from defect, (iv) are performed using sufficient numbers of personnel who have suitable competence, ability, education, training and other qualifications of any assigned roles. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of and payment for the goods and shall run to Buyer, its successors, assigns, customers at any tier and ultimate user and joint users.

9. COMPLIANCE WITH LAWS AND REGULATIONS: Seller will comply with the Fair Labor Standards Act of June 30, 1938, (29 USC 201-209), as amended. Seller also warrants that in the performance of the purchase order, Seller will comply with all applicable statutes, rules, regulations and orders of the United States and of any State or political subdivision thereof and agrees to indemnify Buyer against any loss, cost damage or liability by reason of Seller's violation of this warranty.

10. CHANGES: Buyer may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of the purchase order. 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 the purchase order whether changed or not changed by any such order or affects any such order or affects any other provisions of the purchase order, an equitable adjustment shall be made in the price or delivery schedule or both and in such other provisions of this purchase order as may be affected, and this purchase order shall be modified in writing accordingly.

11. BUYER FURNISHED PROPERTY: Buyer may from time to time furnish property to Seller for performance of the purchase order. Any equitable adjustment of this order occasioned thereby shall be made pursuant to the clause hereunder entitled "Changes" Unless otherwise provided in this order or agreed to in writing, property of every description including all tools, equipment and material furnished or made available to Seller, title to which is in Buyer, and Seller shall identify and save harmless

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Buyer from all liens and claims upon said property arising from any cause.

12. Control of Non-Conforming Product and Corrective/Preventive Action: Seller shall provide prompt, written notification when nonconforming material or products, affecting drawing, Purchase Order, or specification requirement issues are discovered. Seller shall not ship such nonconforming material or product until authorization to ship has been obtained from Buyer. Upon Authorization to ship, all documentation related to nonconforming product shall accompany product shipment. Buyer will initiate a Supplier Correct/Preventive Action when undisclosed discrepant material is received, or as deemed necessary and conclusive in nature, to prevent a recurrence of discrepancy.

13. INDEMNIFICATION: If this order is issued under a Government prime contract or subcontract, Seller shall indemnify Buyer against and hold Buyer harmless from all claims, expenses and losses arising out of performance of this order by Seller (**I**) When such claim, expenses and losses result from the failure of Seller to furnish to Buyer, in accordance with the provisions of the relevant regulations, cost or pricing data, which is accurate, complete and current at the time of the Seller and Buyer's agreement to the negotiated price or at the time when Buyer requests a reaffirmation of the same.

14. INFORMATION: All drawings and specifications, furnished or paid for by Buyer shall be the property of Buyer, shall be subject to removal at any time without additional cost upon demand by Buyer, shall be used only in filling orders from Buyer and shall be kept separate from other drawings and specifications, and identified as the property of Buyer. Seller shall hold all information received from Buyer in confidence and no third party request for information will be authorized unless approved in writing by Buyer.

15. PATENTS AND COPYRIGHTS: Seller agrees to defend, indemnify and hold harmless Buyer, its customers and agents against any liability, including without limitation costs, expenses and attorney's fees for or by reason of any actual or alleged infringement of any patent or copyright arising out of the manufacture, use, sale, delivery or disposal of goods furnished under this order and not attributable to Seller's compliance with Buyer's specific written detail, each notice or claim of patent or copyright infringement relating to the performance of this order of which Seller has knowledge. Where payment is made for experimental, developmental or research work performed under this order, Seller shall disclose and does hereby assign to Buyer all inventions resulting therefrom and does grant Buyer the right to use for any purpose all data specified to be delivered hereunder.

16. ASSIGNMENT AND SUBCONTRACTING: Seller shall not assign any contract resulting from this order or any portion of such contract, nor shall Seller subcontract for completed or substantially completed goods or services purchased hereunder without the prior express written consent of the Buyer. When required by Buyer or by Buyer's customers, Seller will use customer-specified sources.

17. NOTICES: All notices required or permitted to be given hereunder shall be deemed to be properly given if delivered in writing personally or sent by United States certified or registered mail addressed to Seller or Buyer, as the case may be, at the addresses set forth on the face of this order, with postage thereon fully prepaid. The effective time of notice shall be at the time of mailing.

18. WAIVER: No waiver by Buyer of any breach of this order or the granting of an extension for performance hereunder shall be deemed to be a waiver of any other subsequent breach.

19. DISPUTES: Pending resolution of any disputes hereunder, Seller shall proceed diligently with the performance of work, including the delivery of goods in accordance with Buyer's direction. Upon resolution of the dispute, this order shall be equitably adjusted, if necessary, to reflect such resolution.

20. APPLICABLE LAW: The validity, performance and construction of the contract arising from the acceptance of this order shall be governed by and construed in accordance with the laws of the state in which Buyer's facility issuing this order is located, excluding its choice of law rules. Jurisdiction and venue for any suit between the parties hereto arising out of or connected with this order or the goods furnished hereunder, shall lie only in the country and state in which such facility is located.

21. GOVERNMENT CONTRACTS: If this order is issued under a United States Government prime contract or subcontract, all Federal Acquisition Regulation (FAR) or DOD supplement (DFAR), in effect on the date of this order, are incorporated. Seller shall be notified upon the notification to Buyer of contract qualifying under Government prime or subcontract.

Order is subject to export control restrictions of the International Traffic in Arms Regulations (ITAR) (22CFRpts, 120-130) or the Export Administration Regulations (EAR) (15CFRpts. 730-774). Before exporting this information outside the United States or releasing it to a foreign person in the United States, seller is required to determine whether a license under the EAR or the ITAR is required. If there are any questions about this responsibility, seller is to contact Buyer in writing to resolve before restrictions are breached.

22. GIFT AND GRATUITY POLICY: The offering or acceptance of kickbacks, bribes and other illegal payments subverts the very essence of competition and erodes the moral fiber of those involved. These include gratuities (i.e., anything of value) offered to governmental officials or employees. Such activities are not condoned and will not be tolerated. Also, Integrated Ideas & Technologies, Inc. prohibits the offer or acceptance of gifts or gratuities that the recipient likely would consider to be of substantial value.

23. CHANGES IN MATERIAL, PROCESSES OR LOCATION: Suppliers are not allowed to relocate tools, change production facilities, subcontract this business, or make significant process or material changes after First Article or PPAP submission without prior written approval from the Purchasing department.

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24. DEFECTIVE MATERIAL: To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and for other reasons), Supplier will institute controls that include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation as is appropriate. Material and part substitutions are not allowed. When it has been determined that the Supplier is responsible for quality defects, Integrated Ideas & Technologies, Inc. requires cost recovery that will include, but is not limited to: cost of defective assemblies and raw inventory.

25. SPECIFICATIONS AND RECORD RETENTION:

Unless otherwise specified on the Purchas Order, the latest specification revision in effect at the time the lot of raw material/parts was originally manufactured or processed shall apply. In the event a document has been superseded, the latest revision of the superseding document shall apply. Supplier shall establish and maintain records of sales, specification, cost, and traceability of product and labor. Records shall be retained for a period of time specified in applicable items specifications or seven (7) years if not otherwise specified in this contract. Records shall be made available to Buyer, its customers and/or regulatory agencies upon request.

26. CERTIFICATION OF COMPLIANCE/SPECIAL

PROCESSES: The Supplier shall certify in a signed certificate of compliance that all parts, materials, processes and finished items supplied under this Purchase Order/Contract were inspected, tested and found to comply with all specifications, drawings, and Purchase Order/Contract requirements with each shipment. The Certificate shall also include part number- including revision, batch and/or serial numbers reflected by the certificate.

For special processes, the supplier and any sub-tier supplier is required to have written processing and process control documentation for items supplied. Special processes include, but not limited to, Liquid Penetrant, Magnetic Partical Heat Treatment, Welding, Soldering, Chemical Films, Plating, Primer and Painting Testing, Calibration. The supplier or any sub-tier must notify IIT, Inc of any changes to special processes prior to performing work on IIT, Inc. product. The supplier or any sub-tier must obtain concurrence from IIT, Inc. before changing.

27. FOREIGN OBJECT DEBRIS: The Supplier shall assure the devices, components, and materials delivered under this purchase order are free of Foreign Object Debris (FOD). The Supplier shall employ general prevention practices to keep FOD, large or small, from the product and packaging. FOD contamination will be cause for rejection of material.

28. FLOW DOWN REQUIREMENTS: The Supplier shall flow-down to sub-tier Suppliers and employees these Terms and Conditions and applicable requirements as required by the purchase order either specifically or by reference.

29. RIGHT OF ACCESS: Supplier agrees to the right of entry and access for Buyer, its customers and/or regulatory agencies into all facilities and access to all records, at any level of the performance of the purchase order or contract upon request.