

TERMS AND CONDITIONS OF SALE

Avionics / Test and Measurement

THE FOLLOWING TERMS AND CONDITIONS, TOGETHER WITH ANY OTHER TERMS AND CONDITIONS SPECIFICALLY AGREED TO IN WRITING BY SELLER, SHALL APPLY TO ALL ORDERS ("Order(s)") FROM, AND SALES OF PRODUCTS ("Products") OR SERVICES ("Services") TO BUYER.

ANY ACCEPTANCE OF ANY ORDER OF BUYER IS CONDITIONED UPON THESE TERMS AND CONDITIONS. ANY ADDITIONAL OR DIFFERENT TERMS AND CONDITIONS PROPOSED BY BUYER IN ANY DOCUMENT ARE OBJECTED TO AND SHALL NOT BE BINDING UPON SELLER.

No salesperson is authorized to bind the Seller to any promise or understanding not expressed herein.

I. SALE OF PRODUCTS OR SERVICES

The Seller agrees to sell, and Buyer agrees to purchase, the Products or Services as specified in the purchase order or invoice.

II. DELIVERY

Delivery dates are approximate and are dependent on prompt receipt by Seller of all necessary information. Seller may deliver all or any part of the Products or Services as early as thirty (30) days in advance of the agreed schedule. The point of delivery shall be "Ex-works" Seller's premises, unless otherwise specified by Seller. Upon delivery, title to Products and all risk of loss or damage thereto shall pass to Buyer. Where the Buyer notifies the Seller that it cannot take timely delivery of the Products, Seller may place such Products in storage, at the risk of Buyer, and Buyer shall reimburse Seller for all expenses incurred in connection with such storage. Buyer shall dispose of the packing materials for the Products at its own expense, and shall defend, indemnify and hold harmless the Seller from any legal obligations in connection with such packing waste.

III. PRICES; PAYMENT

A. Prices do not include taxes, including but not limited to Value Added Tax (VAT), or governmental charges, all of which shall be the responsibility of Buyer. The term of payment shall be net thirty (30) days from date of Seller's invoice, unless otherwise specified. Payments shall be made by Buyer without any deduction or set-off. Unless otherwise agreed, payment shall be made in U.S. dollars. Seller may charge late payment fees at the rate of 1.5% per month, or the highest rate permitted by law, whichever is less, accruing daily.

B. If the financial condition of the Buyer is unsatisfactory to Seller, Seller may require full or partial payment in advance, or satisfactory security, in the form of a letter of credit or otherwise. In the event of bankruptcy or insolvency of Buyer, Seller may immediately cancel any Order then outstanding.

C. Buyer grants to Seller a purchase money security interest in Products located in the United States, or Services, as well as any proceeds, for the purpose of securing the obligations of Buyer hereunder. Buyer authorizes Seller to execute on Buyer's behalf and file such financing statements as Seller deems appropriate to perfect and notify Buyer's creditors of Seller's security interest.

D. All prices quoted are subject to adjustment without prior notice in the event of (1) increases in the cost of raw materials, components, or labor; (2) changes in specifications, quantities, or delivery schedules requested by Buyer; (3) delays caused by Buyer's instructions or failure to provide necessary information; or (4) other factors beyond Seller's reasonable control.

E. If, after the date of quotation or acceptance of Buyer's Order, any governmental action, law, regulation, or policy imposes or increases tariffs, customs duties, taxes, or other charges applicable to the products sold hereunder or to the raw materials used in their manufacture, Seller shall have the right to increase the price of the affected products by an amount necessary to cover such additional costs. Prices are also subject to adjustment if shipment or performance is delayed due to Buyer's failure to provide timely approvals, information, specifications, or instructions.

F. Seller shall provide Buyer with written notice of any price adjustment under this Section, together with reasonable documentation supporting the basis for such adjustment.

G. Optional. If the cumulative price adjustment under this Section exceeds [X]% of the original contract price, Buyer may, within ten (10) business days of receiving notice, request good-faith negotiations to amend the affected order. If the parties fail to reach agreement within thirty (30) days, either party may terminate the affected order without liability, except for obligations accrued prior to termination.

IV. EXPORT CONTROLS; FCPA; ANTI-BOYCOTT

A. Buyer shall not make any disposition of the Products, by way of transshipment, re-export, diversion or otherwise, (1) except as applicable U.S. export laws and regulations may expressly permit, and (2) other than in and to the ultimate country of destination specified on Order(s) or declared as the country of ultimate destination on Seller's invoices or in the End Use Statement that Buyer supplies to Seller. Seller shall not be named as shipper or exporter of record or U.S. principal party-in-interest (USPPI) unless specifically agreed to in writing by Seller in which case, Buyer shall provide Seller with a copy of the documents filed by Buyer for Export clearance purposes. At Seller's request, Buyer shall supply end-use and end-user information to determine export license applicability. Failure of Buyer to comply with this section shall constitute a material default allowing Seller to cancel related Order(s) without liability.

B. Buyer warrants that it shall not violate or cause the Seller to violate the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), as amended, in connection with Buyer's sale or distribution of the Products and/or Services, and that Buyer does not know or have reason to believe that any consultant, agent, representative or other person retained by Buyer in connection with the sale and/or distribution of the Products and/or Services has violated, nor caused Seller to violate the FCPA. Where Buyer learns of or has reason to know of any violation of the FCPA in connection with the sale or distribution of the Products and/or Services, Buyer shall immediately advise the Seller.

C. Buyer further warrants that Buyer shall not violate or cause the seller to violate the U.S. Antiboycott Provisions of the U.S. Export Administration Regulations issued pursuant to the U.S. Export Administration Act of 1979, as amended in connection with Buyer's purchase of Products and/or Services and that Buyer shall not request or require Seller to make any statements or certifications against countries that are not subject to boycott by the U.S.

V. WARRANTIES

A. The Seller is not the manufacturer of the Products and is not an agent of the Product's manufacturer. The Seller makes no warranty, express or implied, with respect to the Products, including but not limited to any implied warranties of merchantability, fitness for a particular purpose, title, or non-infringement. The Buyer acknowledges and agrees that the Products are sold "AS IS" and "WITH ALL FAULTS."

B. To the extent permitted and transferable, the Seller will assign or "pass through" to the Buyer any manufacturer's warranty applicable to the Products. The Buyer's sole and exclusive remedy for any defects in the Products shall be under the manufacturer's warranty, if any, and subject to the terms and conditions of such warranty. The Buyer is responsible for reviewing and understanding the manufacturer's warranty terms and for submitting any warranty claims directly to the manufacturer.

C. No Products may be returned unless authorized in advance by Seller, and then only upon such conditions to which Seller may agree. Buyer must obtain a Return Material Authorization (RMA) number from Seller prior to any return shipment, and such RMA number must appear on the shipping label and packing slip. Buyer shall be responsible for the returned Products until such time as Seller receives the same at its facility, and for all charges for packing, inspection, shipping, transportation or insurance associated with returned Products.

D. This Section V sets forth the exclusive remedies and obligations for claims based upon defects in or nonconformity of the Products or Services, whether the claim is in contract, warranty, tort (including negligence of any degree or strict liability) or otherwise.

VI. LIMITATION OF LIABILITY; INDEMNIFICATION

In no event shall the Seller be liable for any indirect, incidental, special, consequential, or punitive damages, or for any loss of profits, revenue, or data, arising out of or relating to the sale or use of the Products or Services, even if advised of the possibility of such damages. The total liability of Seller on any claim, whether in contract, tort (including negligence of any degree and strict liability) or otherwise arising out of, connected with, or resulting from the manufacture, sale, delivery, resale, repair, replacement or use of any Products or Services, shall not exceed the price allocable to the Products or Services or part thereof which gives rise to the claim. Any action against Seller must be brought within eighteen (18) months after the cause of action accrues. The Buyer agrees to indemnify and hold harmless the Seller, including its owners, officers, employees, agents and affiliates, from and against any claims, damages, losses, or expenses (including attorneys' fees) arising out of the Buyer's use, possession, or resale of the Products or Services.

VII. EXCUSABLE DELAYS

Seller shall not be liable for delays in delivery or failure to perform due directly or indirectly to causes beyond Seller's reasonable control including but not limited to: acts of God; war; terrorism; civil commotion; riots; embargoes; government regulations, orders, instructions or priorities; port congestion; acts of or failure to act on the part of Buyer or its agents/employees; fires; floods; sabotage; nuclear incidents; earthquakes; storms; epidemics; strikes; lockouts or other labor difficulties; shortages of or inability to timely obtain proper labor, materials, components, shipping space or transportation, fuel, supplies or power at current prices; or due to limitations imposed by the extent of availability of Seller's normal manufacturing facilities.

VIII. GENERAL

A. The rights and obligations of the Buyer and Seller hereunder shall be governed in all respects by the laws of the State of Washington, U.S.A., without regard to conflict of law principles. The exclusive forum for adjudication of any disputes shall be the federal or state courts located in Pierce County, Washington, and the parties hereby consent to personal jurisdiction and venue in such courts in any proceeding. The United Nations Convention on the International Sale of Goods shall not apply.

B. These terms and conditions, together with any other terms specifically agreed to in writing by Seller, constitute the entire agreement between Buyer and Seller and supersede any prior or contemporaneous representations, agreements, proposals, warranties, or understandings, oral or written, express or implied. No waiver, modification, amendment, rescission or other change to these terms and conditions shall be binding unless specifically agreed to in writing by an authorized representative of Seller.

C. The invalidity of any part hereof shall not affect the validity of the remainder. The failure of Seller to assert any right at any time hereunder shall not prevent Seller's subsequent assertion of the same or different rights.

D. Buyer may not assign this contract without the prior written approval of the Seller. Seller may assign this contract to any acquirer of Seller's business, whether by way of a merger, or of a sale of more than 50% of the Seller's outstanding equity, or a sale of all or substantially all of the Seller's assets.

IX. PROHIBITION FOR HAZARDOUS USE

Products sold hereunder generally are not intended for application in, and shall not be used by Buyer in the construction or application of a nuclear installation or in connection with the use or handling of nuclear material or for any hazardous activity or critical application, where failure of a single component could cause substantial harm to persons or property, unless the Products have been specifically approved for such activity or application. Seller disclaims all liability for any loss or damage resulting from such unauthorized use and Buyer shall defend, hold harmless and indemnify the Seller against any such liability, whether arising under breach of contract, warranty, tort (regardless of the degree of fault or negligence), strict liability or otherwise.

X. STATUTORY REQUIREMENTS

Seller reserves the right to make any changes in the general specifications of the Products which are required for the Products to conform to any statutory requirement.

XI. GOVERNMENT CONTRACTS

Only Federal Acquisition Regulation ("FAR") supplement clauses expressly accepted in writing by Seller shall be included or incorporated by reference herein. Seller shall not be bound by and makes no representation of compliance with any FAR or FAR supplement clauses that Seller shall not have expressly accepted in writing.

TERMS AND CONDITIONS OF SALE

Components

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No salesperson is authorized to bind the Seller to any promise or understanding not expressed herein.

I. PRICES

The Seller agrees to sell, and Buyer agrees to purchase, the Products or Services as specified in the purchase order or invoice. Prices do not include taxes, including but not limited to Value Added Tax (VAT), or governmental charges.

II. PRICE CHANGES AND ADJUSTMENTS

A. All prices quoted are subject to adjustment without prior notice in the event of (1) increases in the cost of raw materials, components, or labor; (2) changes in specifications, quantities, or delivery schedules requested by Buyer; (3) delays caused by Buyer's instructions or failure to provide necessary information; or (4) other factors beyond Seller's reasonable control.

B. If, after the date of quotation or acceptance of Buyer's Order, any governmental action, law, regulation, or policy imposes or increases tariffs, customs duties, taxes, or other charges applicable to the products sold hereunder or to the raw materials used in their manufacture, Seller shall have the right to increase the price of the affected products by an amount necessary to cover such additional costs. Prices are also subject to adjustment if shipment or performance is delayed due to Buyer's failure to provide timely approvals, information, specifications, or instructions.

C. Seller shall provide Buyer with written notice of any price adjustment under this Section, together with reasonable documentation supporting the basis for such adjustment.

[optional][D. If the cumulative price adjustment under this Section exceeds [X]% of the original contract price, Buyer may, within ten (10) business days of receiving notice, request good-faith negotiations to amend the affected order. If the parties fail to reach agreement within thirty (30) days, either party may terminate the affected order without liability, except for obligations accrued prior to termination.]

III. DELIVERY

Delivery dates are approximate and are dependent on prompt receipt by Seller of all necessary information. Seller may deliver all or any part of the Products or Services as early as thirty (30) days in advance of the agreed schedule. The point of delivery shall be "Ex-works" Seller's premises, unless otherwise specified by Seller. Upon delivery, title to Products and all risk of loss or damage thereto shall pass to Buyer. Where the Buyer notifies the Seller that it cannot take timely delivery of the Products, Seller may place such Products in storage, at the risk of Buyer, and Buyer shall reimburse Seller for all expenses incurred in connection with such storage. Buyer shall dispose of the packing materials for the Products at its own expense, and shall defend, indemnify and hold harmless the Seller from any legal obligations in connection with such packing waste.

IV. PAYMENT

A. The term of payment shall be net thirty (30) days from date of Seller's invoice, unless otherwise specified. Payments shall be made by Buyer without any deduction or set-off. Unless otherwise agreed, payment shall be made in U.S. dollars. Seller may charge late payment fees at the rate of 1.5% per month, or the highest rate permitted by law, whichever is less, accruing daily.

B. If the financial condition of the Buyer is unsatisfactory to Seller, Seller may require full or partial payment in advance, or satisfactory security, in the form of a letter of credit or otherwise. In the event of bankruptcy or insolvency of Buyer, Seller may immediately cancel any Order then outstanding.

C. Buyer grants to Seller a purchase money security interest in Products located in the United States, or Services, as well as any proceeds, for the purpose of securing the obligations of Buyer hereunder. Buyer authorizes Seller to execute on Buyer's behalf and file such financing statements as Seller deems appropriate to perfect and notify Buyer's creditors of Seller's security interest.

V. VARIATIONS IN QUANTITY; CHANGES

Buyer shall accept delivery of quantities greater or smaller than the quantity specified in Order(s), provided that any such variation shall not exceed 5% of the quantity originally specified, or two (2) units, whichever is greater. Seller shall not be required to give notice of any such variations other than in the applicable shipping notice and invoice. Seller reserves the option to make changes to Products or Services which do not affect form, fit, or function, and shall deliver Products to the latest configuration part number at the time of delivery.

VI. EXPORT CONTROLS; FCPA; ANTI-BOYCOTT

A. Buyer shall not make any disposition of the Products, by way of transshipment, re-export, diversion or otherwise, (1) except as applicable U.S. export laws and regulations may expressly permit, and (2) other than in and to the ultimate country of destination specified on Order(s) or declared as the country of ultimate destination on Seller's invoices or in the End Use Statement that Buyer supplies to Seller. Seller shall not be named as shipper or exporter of record or U.S. principal party-in-interest (USPPI) unless specifically agreed to in writing by Seller in which case, Buyer shall provide Seller with a copy of the documents filed by Buyer for Export clearance purposes. At Seller's request, Buyer shall supply end-use and end-user information to determine export license applicability. Failure of Buyer to comply with this section shall constitute a material default allowing Seller to cancel related Order(s) without liability.

B. Buyer warrants that it shall not violate or cause the Seller to violate the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), as amended, in connection with Buyer's sale or distribution of the Products and/or Services, and that Buyer does not know or have reason to believe that any consultant, agent, representative or other person retained by Buyer in connection with the sale and/or distribution of the Products and/or Services has violated, nor caused Seller to violate the FCPA. Where Buyer learns of or has reason to know of any violation of the FCPA in connection with the sale or distribution of the Products and/or Services, Buyer shall immediately advise the Seller.

C. Buyer further warrants that Buyer shall not violate or cause the seller to violate the U.S. Antiboycott Provisions of the U.S. Export Administration Regulations issued pursuant to the U.S. Export Administration Act of 1979, as amended in connection with Buyer's purchase of Products and/or Services and that Buyer shall not request or require Seller to make any statements or certifications against countries that are not subject to boycott by the U.S.

VII. WARRANTIES

A. Seller warrants that Products manufactured by Seller, when delivered, shall be free from defects in material and workmanship. Seller's obligations under the aforesaid warranty shall be limited exclusively to repairing or replacing, at Seller's option, any part of the Products which, if properly installed, used and maintained, proved to have been defective in material or workmanship within one (1) year from the date of shipment. Seller warrants that Services performed shall be performed in accordance with generally accepted industry practice. Buyer shall notify the Seller of any defect in the quality or condition of the Products, (including any software/firmware) or Services within seven (7) days of the date of delivery or performance, unless the defect was not apparent on reasonable inspection, in which case, within seven (7) days after discovery of the defect. If Buyer does not provide such timely notification, it shall not be entitled to reject the Products (including any software/firmware) or Services, and Seller shall have no liability for such defect.

B. Seller's warranty obligations shall not apply to any Products which (1) have been altered or repaired by someone other than the Seller, or (2) have been subjected to misuse, neglect, or improper use or application, or (3) are normally consumed in operation, or (4) have a normal life inherently shorter than the warranty period stated therein.

C. No Products may be returned unless authorized in advance by Seller, and then only upon such conditions to which Seller may agree.

Buyer must obtain a Return Material Authorization (RMA) number from Seller prior to any return shipment, and such RMA number must appear on the shipping label and packing slip. Buyer shall be responsible for the returned Products until such time as Seller receives the same at its facility, and for all charges for packing, inspection, shipping, transportation or insurance associated with returned Products.

D. This section VI sets forth the exclusive remedies and obligations for claims based upon defects in or nonconformity of the Products or Services, whether the claim is in contract, warranty, tort (including negligence of any degree or strict liability) or otherwise. The foregoing warranties are in lieu of all other warranties, whether oral, written, express, implied or statutory. NO IMPLIED OR STATUTORY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE SHALL APPLY.

VIII. PATENTS/INDEMNITY

If Buyer receives a claim that Products, or part thereof manufactured by Seller infringes a patent, Buyer shall notify seller promptly in writing and give Seller information, assistance and exclusive authority to evaluate, defend and settle such claim. Where Buyer has furnished specifications/designs for the manufacture of the allegedly infringing Products, Buyer shall defend, indemnify and hold harmless the Seller against third-party claims for infringement arising out of Seller's use of such specifications/designs.

IX. LIMITATION OF LIABILITY

In no event shall the Seller be liable for any indirect, incidental, special, consequential, or punitive damages, or for any loss of profits, revenue, or data, arising out of or relating to the sale or use of the Products or Services, even if advised of the possibility of such damages. The total liability of Seller on any claim, whether in contract, tort (including negligence of any degree and strict liability) or otherwise arising out of, connected with, or resulting from the manufacture, sale, delivery, resale, repair, replacement or use of any Products or Services, shall not exceed the price allocable to the Products or Services or part thereof which gives rise to the claim. Any action against Seller must be brought within eighteen (18) months after the cause of action accrues. The Buyer agrees to indemnify and hold harmless the Seller, including its owners, officers, employees, agents and affiliates, from and against any claims, damages, losses, or expenses (including attorneys' fees) arising out of the Buyer's use, possession, or resale of the Products or Services.

X. EXCUSABLE DELAYS

A. Seller shall not be liable for delays in delivery or failure to perform due directly or indirectly to causes beyond Seller's reasonable control including but not limited to: acts of God; war; terrorism; civil commotion; riots; embargoes; government regulations, orders, instructions or priorities; port congestion; acts of or failure to act on the part of Buyer or its agents/employees; fires; floods; sabotage; nuclear incidents; earthquakes; storms; epidemics; strikes; lockouts or other labor difficulties; shortages of or inability to timely obtain proper labor, materials, components, shipping space or transportation, fuel, supplies or power at current prices; or due to limitations imposed by the extent of availability of Seller's normal manufacturing facilities.

B. If a delay excused per the above extends for more than ninety (90) days and the parties have not agreed upon a revised basis for continuing providing the Products/Services at the end of the delay, including adjustment of the price, then either party (except where delay is caused by Buyer, in which event only Seller) upon thirty (30) days' notice may terminate the Order with respect to the unexecuted portion of the Products/Services, whereupon Buyer shall promptly pay Seller its reasonable termination charges upon submission of Seller's invoices thereof.

XI. SOFTWARE/TECHNICAL/PROPRIETARY INFORMATION

A. Buyer shall not acquire any rights to any software which may be delivered with the Products, except as granted in the Seller's standard software license. Any software license granted in connection with the Products shall be an interim license, which may be withdrawn, pending payment for the Products in full.

B. The purchase of Products shall not include any right to the supply of technical information such as drawings or specifications.

C. Proprietary information, including drawings, documents, technical data, reports, software, designs, inventions and other technical information supplied by Seller in connection herewith (hereinafter called "Data"), shall remain Seller's sole property and shall be held in confidence by Buyer. Such Data shall not be reproduced, used or disclosed to others by Buyer without Seller's prior written consent. Upon completion of the Order, Buyer shall promptly return all Data to Seller together with all copies or reprints thereof then in Buyer's possession or control, and Buyer shall thereafter make no future use, either directly or indirectly, of any Data or any information derived therefrom without Seller's prior written consent. The foregoing shall in no way obligate Seller to provide or supply Data.

XII. GENERAL

A. The rights and obligations of the Buyer and Seller hereunder shall be governed in all respects by the laws of the State of Washington, U.S.A., without regard to conflict of law principles. The exclusive forum for adjudication of any disputes shall be the federal or state courts located in Pierce County, Washington, and the parties hereby consent to personal jurisdiction and venue in such courts in any proceeding. The United Nations Convention on the International Sale of Goods shall not apply.

B. These Terms of Sale together with any other terms specifically agreed to in writing by Seller constitute the entire agreement between Buyer and Seller and supersede any prior or contemporaneous representations, agreements, proposals, warranties, or understandings, oral or written, express or implied. No waiver, modification, amendment, rescission or other change to these Terms and Conditions of Sale shall be binding unless specifically agreed to in writing by an authorized representative of Seller.

C. The invalidity, of any part hereof shall not affect the validity of the remainder. The failure of Seller to assert any right at any time hereunder shall not prevent Seller's subsequent assertion of the same or different rights.

D. Buyer may not assign this contract without the prior written approval of the Seller. Seller may assign this contract to any acquirer of Seller's business, whether by way of a merger, or of a sale of more than 50% of the Seller's outstanding equity, or a sale of all or substantially all of the Seller's assets

XIII. PROHIBITION FOR HAZARDOUS USE

Products sold hereunder generally are not intended for application in, and shall not be used by Buyer in the construction or application of a nuclear installation or in connection with the use or handling of nuclear material or for any hazardous activity or critical application, where failure of a single component could cause substantial harm to persons or property, unless the Products have been specifically approved for such activity or application. Seller disclaims all liability for any loss or damage resulting from such unauthorized use and Buyer shall defend, hold harmless and indemnify the Seller against any such liability, whether arising under breach of contract, warranty, tort (regardless of the degree of fault or negligence), strict liability or otherwise.

XIV. STATUTORY REQUIREMENTS

Seller reserves the right to make any changes in the general specifications of the Products which are required for the Products to conform to any statutory requirement.

XV. GOVERNMENT CONTRACTS

Only Federal Acquisition Regulation ("FAR") supplement clauses expressly accepted in writing by Seller shall be included or incorporated by reference herein. Seller shall not be bound by and makes no representation of compliance with any FAR or FAR supplement clauses that Seller shall not have expressly accepted in writing.