



TERMS & CONDITIONS OF PURCHASE

1. **DEFINITIONS** – “**Purchase Order**” shall mean any document constituting a part of this Agreement including all referenced documents, exhibits, and attachments; “**Agreement**” shall mean the Terms and Conditions of Purchase and the Purchase Order; “**Seller**” shall mean the party identified on the face of the Purchase Order which whom Meggitt Safety Systems Inc. is contracting; and “**Buyer**” shall mean Meggitt Safety Systems Inc.
2. **ACCEPTANCE** - Buyer offers to purchase the goods or services described, herein only upon the terms and conditions contained herein. Buyer reserves the right to revoke this offer without notice. The offer shall be deemed and accepted and shall become a binding contract on the Terms and Conditions contained herein when (A) Signed and Returned by Seller, or (B) Seller issues its written acknowledgement, or (C) Seller commences performance, or (D) Seller otherwise accepts this offer. By accepting this offer, Seller waives all Terms and Conditions contained in its quotation. Acknowledgements, invoices or other documents which are different from or additional to those contained herein and all such different or additional Terms and Conditions shall be null and void.
3. **SHIPPING & BILLING**
 - a. All Goods shall be suitably packed, marked and shipped in accordance with Buyer’s instructions, or, absent such instructions, in accordance with the requirements of common carriers in a manner to secure lowest transportation costs, and no additional charge shall be made to the Buyer unless otherwise stated herein. Breakage or damage shall be Seller’s responsibility.
 - b. Unless otherwise stated herein, all deliveries shall be F.O.B. destination and no charge shall be made by Seller for transportation or storage. Absent other instructions from Buyer, all Goods shall be shipped freight prepaid.
 - c. Packing slips shall accompany each shipment. Buyer’s count and weight shall prevail relative to any shipments not accompanied by a packing slip.
 - d. Original bill of lading or other shipping receipt for each shipment shall be promptly forwarded by Seller in accordance with Buyer’s instructions.
 - e. Seller shall describe Goods on bill of lading or other shipping receipt and route shipment in accordance with Buyer’s instructions.
 - f. No invoices shall be payable unless Goods have been received by Buyer.
 - g. Payment terms are net forty-five (45) days unless otherwise provided on the face of this Purchase Order.
 - h. No interest, finance or service charge shall be payable.
 - i. When invoices are subject to discount for prompt payment, discount shall begin on date the invoices are received by Buyer.
 - j. Buyer may refuse to accept Goods shipped contrary to Buyer’s instructions and may return such Goods to Seller at Seller’s expense.
4. **TAXES** - Seller agrees that, unless otherwise indicated in the Purchase Order (a) the prices herein do not include any state or local sales, use or other tax from which an exemption is available for purposes of this Purchase Order, and (b) the prices herein include all other applicable federal, state and local taxes in effect, at the date of this Purchase Order. Seller agrees to accept and use tax exemption certificates when supplied by Buyer if acceptable to the taxing authorities. In case it shall ever be determined that any tax included in the prices herein was not required to be paid by Seller. Seller agrees to notify Buyer and to make prompt application for the refund thereof, to take all proper steps to procure the same and when received to pay the same Buyer.

5. **TITLE AND RISK OF LOSS** - Unless otherwise provided in the Purchase Order, title to supplies shall pass to Buyer only upon Buyer's final acceptance of the articles furnished hereunder. Risk of loss or damage shall remain with the Seller until (a) delivery to a common carrier, if as specified by Buyer transportation is FOB origin; or (b) delivery to Buyer at destination, if as specified by Buyer transportation is FOB destination, provided however that risk of loss or damage to articles furnished hereunder that do not conform with the requirements of this Purchase Order shall remain with the Seller until cured and/or until Buyer's final acceptance.
6. **DELIVERY & PERFORMANCE**- Shipments or deliveries as specified in this Purchase Order shall be strictly in accordance with: the specified quantities, without shortage or excess; the specified schedules, neither ahead or behind schedule; and the other requirements of the Purchase Order. Seller shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefore, and the actions being taken by Seller to overcome or minimize the delay. If requested by Buyer, Seller shall at Seller's expense, ship via air or other fast transportation to avoid or minimize the delay to the maximum extent possible. For Goods for which delivery is delayed beyond the mutually agreed delivery date specified in each accepted Purchase Order (including acceptance by Seller of any expedited delivery requests submitted by Buyer) for reasons other than a force majeure event, Seller shall pay Buyer liquidated damages in an amount equal to [0.10%] of the purchase price of a Good per day commencing on the tenth (10th) day following commencement of such delivery delay. It is agreed that the total amount payable by Seller under the terms of this Section shall not exceed 20 % of the purchase price of the Goods.
7. **WARRANTIES** – (A) In addition to all warranties provided by law, Seller expressly warrants that all Goods and Services covered hereby shall conform to specifications, drawings, samples or other description furnished by Seller or specified by Buyer, shall be merchantable, of good material and workmanship and free from defects, and shall be fit and sufficient for Buyer purposes. Buyer's approval of specifications, drawings, samples or other descriptions furnished by Seller shall not relieve Seller of its obligations hereunder. These warranties shall survive inspection, acceptance or payment by Buyer and shall be for the benefit of Buyer, its successors, assigns, customers and users of the Goods or Services covered hereby. (B) Buyer shall give written notice to Seller of any breach of warranty within one (1) year after the last delivery under this Purchase Order. Buyer, at its option, may return the non conforming material to Seller for correction or replacement, all transportation charges for return and redelivery to be borne by Seller. If the Seller fails to make re-delivery of corrected or replaced material, fails to accept return of nonconforming materials or fails promptly to correct or replace same, Buyer may at Seller's cost correct or replace the nonconforming material.
8. **PRICE WARRANTY** – Seller warrants that the price charged under this Purchase Order do not exceed those charged by Seller to any other customer, including preferred customers of U.S. Government, for purchase of the same items or services in like or similar quantities.
9. **INSPECTION** – Buyer acceptance of Goods shall be subject to Buyer's final inspection within a reasonable time after at destination, notwithstanding any payment or prior test or inspection. No inspection, test or prior approval or acceptance, and no delay or failure to inspect, test or give prior approval or acceptance, or failure to discover any defect or other non-compliance, shall relieve Seller of any of its obligations nor impair any rights or remedies of Buyer.
10. **REJECTION** – In the regular course of its business, Buyer may reject, refuse acceptance or revoke acceptance ("rejection" herein) of any or all of the Goods or any tender thereof which are not strictly in conformance with all of the requirements of the Purchase Order, and by notice, rejection tag or other communication, notify Seller of such rejection. At Seller's risk and expense, all such Goods will be returned to Seller for immediate Seller repair, replacement and other correction and redelivery to Buyer; provided, however, that with respect to any or all such

Goods and at Buyer's election and at Seller's risk and expense, Buyer may: (a) hold, retain or return such Goods, without permitting any repair, replacement or other correction by Seller; (b) hold or retain such Goods for repair by Seller or, at Buyer's election, for repair by Buyer with such assistance from Seller as Buyer may require; (c) hold such Goods until Seller has delivered conforming replacements for such Goods; (d) hold such Goods until conforming replacements are obtained from a third party; or (e) return such Goods with instructions to Seller as to whether the Goods shall be repaired or replaced and as to the manner of redelivery. All repair replacement and other correction and redelivery shall be completed within such time as Buyer may require. All costs and expenses and loss of value incurred as a result of or in connection with nonconformance and repair; replacement or other correction may be recovered from Seller by equitable price reduction set-off or credit against any amounts which may be owned to Seller under this Purchase Order of otherwise.

11. **CHANGES** – Buyer may from time to time in writing direct changes within the general scope of this Purchase Order in anyone or more of the following: (a) technical requirements and descriptions, specifications, statements of work, drawings or designs; (b) shipment or packing methods; (c) place of delivery, inspection or acceptance; (d) reasonable adjustments in quantities or delivery schedules or both; and (e) amount or Buyer-furnished property. Seller shall comply promptly with such direction and avoid unnecessary costs related thereto. If any such change causes an increase or decrease in the cost of or the time required for performance of this Purchase Order, an equitable adjustment in the prices and schedules of this Purchase Order shall be made to reflect such increase or decrease and the Purchase Order shall be modified in writing accordingly. Unless otherwise agreed in writing, any Seller claim for adjustment must be delivered to Buyer in writing within thirty (30) days after Seller's receipt of such direction. Seller shall make available for Buyer examination relevant books and records to verify Seller's claim for adjustment. Failure of Buyer and Seller to agree upon any adjustment shall not excuse Seller from performing in accordance with such direction.
12. **RESPONSIBILITY FOR PERFORMANCE** – Buyer issuance of this Purchase Order is based in part on Buyer reliance upon Seller's ability, expertise and awareness of the intended use of the Goods, and Seller's continuing compliance with all applicable laws and regulations during the performance of this Purchase Order. Further, Seller shall not, by contract, operation of law, or otherwise assign any of its rights or interest in this Purchase Order, including but not limited to any right to monies due or to become due, or delegate any of its duties or obligations under this Purchase Order, or subcontract all or substantially all of its performance of this Purchase Order, or subcontract all or substantially all of its performance of this Purchase Order to one or more third parties, without Buyer's prior written consent. Any purported assignment without said consent shall be void and of no force and effect. No assignment, delegation or subcontracting by Seller with or without Buyer's consent shall relieve Seller of any of its obligations under this Purchase Order.
13. **BUYER'S MATERIALS** – All of Buyer's tooling materials and other property in Seller's possession shall be held by Seller as bailee for hire for use only in filling Buyer's Purchase Orders, be kept separate, and be clearly identified by Seller as Buyer's property, and shall be fully insured by Seller. All such materials not consumed in the performance of the Purchase Order shall be held pursuant hereto until Buyer otherwise directs, Seller waives and releases Buyer from and Seller shall defend, indemnify and hold harmless Buyer from and against, all claims for injury or damage to Seller, its employees or others arising out of or in connection with the presence or use of such materials whether such injury or damage is caused by defects in materials. Buyer's negligence or otherwise.
14. **BUYER'S PROPRIETARY RIGHTS** – Seller shall not use or disclose any of Buyer's trade secrets or confidential information, whether or not designated as such, except as required to fill this Purchase Order. All inventions or ideas whether patentable or not made by or for Sell incident to this Purchase Order shall become the exclusive property of the Buyer.

15. **ADVERTISING, ANNOUNCEMENTS AND NEWS RELEASES** – Seller shall not, without first obtaining written consent of Buyer, in any manner advertise or publish or issue any news release or make any public announcement or denial or conformation of same concerning the fact that Seller has furnished or contracted to furnish the Buyer the material or work herein mentioned.
16. **PATENTS** – Seller shall defend, indemnify and hold harmless Buyer from any loss or damage sustained by Buyer and from and against all claims asserted against Buyer, its customers and users for infringement of any U.S. patent, trademark or copyright or other proprietary rights by reason of the use or sale of the Goods or Services covered hereunder. If the use of sale of the Goods, is held to infringe any such rights, Seller shall at its expense either procure for Buyer, its customers and users the right to continue using or selling said Goods or Services or replace them with non-infringing Goods or Services.
17. **INDEPENDENT CONTRACTOR STATUS** – Seller is an independent contractor and is not an employee, agent, affiliate, or partner of Buyer. Nothing contained in this Purchase Order shall be deemed to create any relationship between the parties other than that of principal and independent contractor.
18. **RECORDS AND AUDIT** - Seller shall retain all business documents and records pertaining to the Purchase Order for a period of no less than seven (7) years after final payment. Such records and documents shall date back to the time this contract was issued and shall include, without limitation, catalogs, price lists, test data, drawings, invoices, underlying data and basis for cost estimates, quality, manufacturing data and inventory records. Buyer shall have the right to have a third party examine, reproduce and audit all such records related to pricing and contract performance.
19. **INTELLECTUAL PROPERTY** – All intellectual property rights (including, without limitation, computer programs, models, tools, design and analyses data, reports, methodologies, trade secrets, knowledge management, photographs, drawings, illustrations and recordings) (collectively “Buyer Intellectual Property”) supplied to Seller by or on behalf of Buyer, in connection with the performance of the Order for Buyer shall belong to Buyer and shall immediately upon Buyer’s written request be handed over to Buyer (without any additional charge over and above the mutually agreed charges for the Products) and in good condition and no such Goods or materials shall be disposed of without the prior written consent of Buyer.
20. **FORCE MAJEURE** – Neither Seller or Buyer shall be liable for any delays or failures in performance in whole or in part if such delay or non-performance is due to any cause beyond its reasonable control, including but not limited to delays caused by the other party’s delay or failure to perform, Act of God, war, insurrection, riot, civil disturbance, rebellion, government regulations, embargoes, explosions, fires, floods, tempest, strikes, failures in hardware, media, heating, lighting, air-conditioning, telecommunications equipment or public supply of electrical power. If such an event lasts for a continuous period of thirty (30) days or more then any of the parties shall have an option to terminate the Purchase Order (under which the parties are unable to fulfill their obligation due to such force majeure event) forthwith without any liability after notifying the other party of the same.
21. **WAIVER** – The failure of Buyer to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Purchase Order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition or the future exercise of such right, but the obligation of Seller with respect to such future performance shall continue in full force and effect.

22. **TERMINATION FOR CONVENIENCE** - Buyer may terminate this Purchase Order in whole or in part at any time for its convenience by notice to Seller in writing. On receipt by Seller of such notice, Seller shall promptly comply with Buyer's instructions and, to the extent specified therein stop work and the placement of subcontracts hereunder, terminate work subcontracts outstanding hereunder, and take any action necessary to protect property in Seller's possession in which Buyer has or may acquire an interest. Within thirty (30) days of receipt by Seller of such notice, Seller shall advise Buyer of Seller's intent to file a termination claim. In the event Buyer terminates and Seller submits a termination claim, Buyer shall pay to Seller the following:
- a. Amounts due for Goods delivered and accepted or services completed in accordance herewith, and not theretofore paid for prior to the effective date of termination,
 - b. Actual work in process costs incurred by Seller if properly allocable to apportionable under generally acceptable accounting principles and practices prior to the termination portion of the contract, including liabilities to subcontractors which are so allocable, excluding any and all costs of supplies which either can be diverted to other orders of Seller or retained by Seller for his own use or future orders, and exclusive of any costs attributable to Seller's supplies paid or to be paid for under (a) above, and
 - c. A reasonable settlement and Seller cancellation charge. The total settlement shall not exceed the Purchase Order price and if it appears the Seller would have sustained a loss on the entire contract, had it been completed, an appropriate adjustment shall be made reducing the amount of the claim to reflect the indicated percentage of loss.
 - d. Seller agrees that its failure to submit such a claim within six month time period set forth above, shall constitute a waiver thereof unless Seller requests in writing prior to expiration of such time period that a time extension for filing this claim or claims be granted by Buyer, any such extensions, if approved, shall be effective only if authorized in writing by Buyer.
23. **TERMINATION FOR DEFAULT**- If Seller materially breaches this Purchase Order or for any other reason stated herein, the Buyer may cancel any open Purchase Orders in whole or in part and provide written notice of the breach to the breaching party. Examples of a material breach, include but are not limited to, the following events: (i) If deliveries are not made at the time or in the quantities specified; (ii) In the event of a breach of applicable specification requirements or any of the other terms and conditions this Agreement and/or Purchase Order, or ; (iii) In the event of the institution of any proceedings by or against Seller in bankruptcy or insolvency under any provisions of the Bankruptcy Act or for the appointment of a receiver or trustee or any assignment for the benefit of creditors.

If the Seller fails to implement a mutually agreeable action plan to correct the material breach within thirty (30) calendar days after receiving such written notice from Buyer, unless otherwise agreed, the Buyer may then terminate this Purchase Order without liability except for the price of any Goods and Services previously delivered and accepted by Buyer.

In addition, in the event of termination of this Purchase Order due to Seller's uncured breach, Seller (i) shall promptly deliver to Buyer complete and accurate copies of all documentation, specifications, manuals, drawings, designs, notes, reports, memoranda, data, prototypes and other information useful or necessary for the continued design, development, manufacture and use of the Goods and (ii) hereby grants to Buyer a nonexclusive, royalty-free, perpetual, worldwide, irrevocable license, with the right to sublicense such rights to subcontractors, under all intellectual property rights (including applicable patent, copyright or other proprietary rights) of Seller related to the Goods to the design and development materials to use, manufacture and modify the Goods in connection with Buyer's manufacture, assembly, distribution and sale of the Goods.

24. **STOP WORK ORDER** – The Buyer reserves the right to stop work or to suspend the work under this Purchase Order for a reasonable time without incurring any additional liability. At the end of the stop work order period, Buyer will either direct Seller to resume work or Buyer will terminate the Purchase Order for Convenience.
25. **CONFIDENTIAL INFORMATION** - For the purposes of this Agreement, the term “Confidential Information” means (i) the terms of this Order, and (ii) any and all information, technical data, software, and materials disclosed to a party, its parent, subsidiaries or affiliated companies (“Receiving Party”) by or on behalf of the other party, its parent, subsidiaries or affiliated companies (collectively, “Disclosing Party”) that is marked as “confidential” or “proprietary”, or if disclosed orally, is confirmed in writing as confidential information within thirty (30) days of disclosure; provided, however, that all parties acknowledge that the designs, plans and specifications that are disclosed by the Disclosing Party are Confidential Information. Exclusions. The term Confidential Information does not include any item which:
- (a) Information which the Receiving Party can clearly demonstrate was in the public domain at the time of disclosure hereunder; or
 - (b) Information which the Receiving Party can clearly demonstrate was rightfully in the Receiving Party’s possession prior to the time of its disclosure hereunder; or
 - (c) Information which the Receiving Party can clearly demonstrate has subsequently become part of the public knowledge or literature through no fault of the Receiving Party, but only from such date as the information becomes so available; or
 - (d) Information which the Receiving Party can clearly demonstrate has subsequently been received by the Receiving Party without obligations of secrecy from a third party who is free to disclose the information; or
 - (e) Information which the Receiving Party can clearly demonstrate was independently developed by the Receiving Party without any use of Confidential Information received hereunder.

Each party shall keep confidential any of the other party’s Confidential Information and shall not divulge such information, directly or indirectly, to third parties. In addition, each party shall use the other party’s Confidential Information solely in connection with the performance of its obligations under this Order and for no other use. Neither party shall, without the prior written approval of the other, disclose any information regarding the terms and conditions of this Agreement to any third party provided, however, neither party shall be precluded from disclosures required by law, regulation or court or administrative order. In addition, each party may disclose the other party’s Confidential Information as necessary to facilitate receipt of Federal Aviation Administration (“FAA”) type or production certificates or other FAA, European Aviation Safety Agency (“EASA”) or applicable approvals in connection with the Buyer; however, such information shall be provided only to the FAA, EASA or other applicable agency and (to the extent applicable or appropriate) with a request for a protective order limiting disclosure of the Confidential Information.

26. **COMPLIANCE WITH LAWS** – In performance of its obligations hereunder, Seller shall comply with all applicable legal requirements. Seller’s acceptance and performance of this Order shall constitute certification by Seller of such compliance. Seller shall furnish additional certificates and other evidence of compliance upon Buyer’s request.
27. **EQUAL OPPORTUNITY CLAUSE** – Seller shall not maintain segregated facilities or discriminate against any employee or employment applicant because of age, race, color, religion, sex or national origin or on any other ground prohibited by law. Seller shall take affirmative action to ensure that applicants are employed and that employees are treated during employment, without regard to age, race, color, religion, sex or national origin. Such

action shall include employment , upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; pay or other forms of compensation; and training, including apprenticeship. Seller shall post conspicuous places, available to employees and employment applications, notices setting forth the provisions of this Section. Seller certifies that it does and will comply with, and there is incorporated herein by reference, all provisions of Executive Order 11246, as amended, The Vietnam Era Veterans, Readjustment Act, Rehabilitation Act and all other equal employment opportunity laws and Executive Orders and of the rules, regulations and Order of the Secretary of Labor. This Section is hereby incorporated in every non-exempt contract between Seller and Buyer, and shall be contained in each non-exempt contract between Seller and its subcontractor.

28. **EXPORT COMPLIANCE** – The information which the parties disclose and Goods which the parties ship to each other pursuant to the Agreement may be subject to the provisions of the trade compliance regulations of various countries [e.g., in the United States, the Export Administration Act of 1979 (50 USC 2401-2420); the Export Administration Regulations promulgated there under (15 CFR 730-774); the Atomic Energy Act of 1954 (42 USC 2011-2259); The Energy Reorganizations Act of 1974 (42 USC 5801, 5811-5821, 5841-5851); the regulations of the Nuclear Regulatory Commission promulgated there under (10 CFR 110); and the Arms Export Control Act of 1976 (22 USC 2278), and the International Traffic in Arms Regulations promulgated there under (22 CFR 120-130)]. The parties acknowledge that these statutes and regulations impose restrictions on import, export, re-export and transfer to third countries of certain categories of data, technical services, information and articles, and that licenses from the applicable regulatory agency (e.g., the United States, the Department of State, the US Nuclear Regulatory Commission and/or the US Department of Commerce) may be required before such data, technical services, information and articles can be disclosed or shipped hereunder, and that such licenses may impose further restrictions on use and further disclosure of such data, technical services, information and articles. Disclosure of such data, technical services, information, and shipment of such articles to nationals other than the country of origin, is subject to the above regulations. The parties agree to comply with all applicable government regulations mentioned above as they relate to the import, export and re-export of data, technical services, information and articles under this Agreement. Each Party shall indemnify and hold the other Party harmless to the full extent of any loss, damage or expense, excluding lost profits, for any failure of the Party to comply with the above referenced laws and regulations.
29. **DISPUTES** - The parties shall attempt to first settle amicably all disputes arising out of or in connection with these terms and conditions, which attempt shall include, if required for settlement, internal escalation of the dispute to management of each party who has the authority to discuss and settle the dispute. An attempt to arrive at a settlement shall be deemed to have failed upon the notification by one party to the other party in writing no earlier than fifteen (15) days after the existence of the dispute was identified in writing by one party to the other. Any and all disputes arising out of or relating to these terms and conditions which cannot be settled amicably between the parties shall be resolved by arbitration in Simi Valley, California, USA under the commercial arbitration rules of the Judicial and Arbitration Mediation Service (“JAMS”). All arbitration proceedings shall be in English and all submissions shall be in English. The laws of the State of California, USA shall be applied to determine the merits of the dispute without regard to conflicts of laws provisions. The arbitral award shall be binding, final and conclusive upon the parties and may be entered into by any court having jurisdiction over the party against which an award is entered or its assets.
30. **INDEMNIFICATION AND WAIVER** - Seller shall defend, indemnify and hold harmless Buyer from any loss or damage sustained by Buyer and from and against all claims asserted against Buyer arising in whole or in part out of any act or omission of Seller, its agents, employees or subcontractors with respect to the Goods or Services



covered hereunder, Seller shall defend, indemnify and hold harmless Buyer from and against all claims asserted against Buyer for injuries to employees of Seller, its agents, representatives or subcontractors arising in whole or part in part out of Buyers negligence. Seller waives and releases Buyer from all rights of contribution of indemnity to which it may otherwise be entitled. As used in this Section, the term "Buyer" shall mean the Buyer, its offices, directors, agents, employees, subcontractors, parent, subsidiaries, divisions and affiliates.

31. **LIMITATIONS OF LIABILITY** - BUYER SHALL NOT BE LIABLE TO THE SELLER, REGARDLESS OF THE FORM OF ACTION OR THEORY OF LIABILITY FOR ANY INDIRECT, SPECIAL, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES, OR FOR LOST PROFITS OR LOSS OF REVENUE, OR BUSINESS INTERRUPTION LOSSES, OR LOSS OF USE, IN CONNECTION WITH THIS PURCHASE ORDER.
32. **CHANGE IN MANUFACTURING LOCATION** – In the event Seller intends to change the location of its manufacturing facility, Seller shall promptly notify Buyer prior to change in manufacturing location and provide Buyer with all information regarding the change in manufacturing location (i.e. location of new facility, move date, Products affected, etc.). The Buyer may at its sole discretion based on the information it receives from the Seller, terminate this Purchase Order.
33. **CHANGE OF CONTROL** – In the event there is a change of control or a change of ownership, Seller shall notify the Buyer in writing within thirty (30) days of the change of ownership or control.. In the event there is a change of control of Seller to a direct competitor of Buyer, Buyer shall have the right to terminate this Purchase Order. Such termination shall be considered a termination for convenience pursuant to Section 21 above. For the purpose of this Purchase Order, a change in control of Seller is deemed to have occurred if there is a change in the beneficial ownership of Seller, directly or indirectly, of fifty percent (50%) or more.
34. **INSURANCE** - Seller shall furnish upon Buyer's request insurance carrier's certificates showing that Seller has adequate worker's compensation, public liability; motor vehicle liability and property damage insurance coverage. All such certificates shall specify that in the event of Seller's cancellation, at least fifteen days prior written notice thereof shall be given to Buyer. The purchase of such insurance shall not satisfy, modify or limit Seller's obligations or liability hereunder.
35. **REMEDIES** - Seller shall be liable for all damages, direct and indirect resulting from its breach of any of the terms and conditions hereof. Buyer's right and remedies hereunder shall survive acceptance or payment and shall be in addition to those provided in law or in equity.
36. **GOVERNING LAWS** – This Purchase Order and the performance thereof shall be governed by the laws of the State of California, U.S.A. The UN Convention for the International Sale of Goods is hereby expressly excluded and shall not apply to these terms and conditions.
37. **MISCELLANEOUS** – This Agreement constitutes the entire agreement between the parties relating to the Goods or Services which are subject hereof. No modification shall be binding upon Buyer unless in writing signed by Buyer's authorized representative. Buyer shall be entitled to set off any amount owing from Seller to Buyer against any amount payable by Buyer under this Purchase Order. No waiver by Buyer of default by Seller shall be deemed as a waiver of any subsequent default. Captions used herein shall have no substantive significance.



- 38. **ENTIRE AGREEMENT** –The Agreement which incorporates the Terms and Conditions of Purchase and the Purchase Order contain the entire understanding of the parties with respect to its subject matter, and supersede all prior and contemporaneous agreements, understandings and negotiations. No parole evidence of prior or contemporaneous agreements, understandings or negotiations shall govern or be used to construe or modify a Purchase Order. No modification or alteration of a Purchase Order or these Terms and Conditions of Purchase shall be deemed effective unless in writing and signed by the parties.

SECTION II: FAR and DOD FAR SUPPLEMENT FLOWDOWN PROVISIONS

In the event this Purchase Order bears a U.S. Government contract number or the designation “Government” on the face hereof, this Purchase Order and the contract resulting there from shall be subject to the Section II: FAR and DOD FAR Supplement Flow down Provisions.

- 1. **INCORPORATION OF FAR CLAUSES** - The Federal Acquisition Regulation (FAR) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Agreement. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. The Contracts Disputes Act shall have no application to this Agreement. Any reference to a “Disputes” clause shall mean the “Disputes” clause of this Agreement.
- 2. **GOVERNMENT SUBCONTRACT** - This Agreement is entered into by the parties in support of a U.S. Government contract. As used in the FAR clauses referenced below and otherwise in this Contract:
 - a. “Commercial Item” means a commercial item as defined in FAR 2.101.
 - b. “Contract” means this contract.
 - c. “Contracting Officer” shall mean the U.S. Government Contracting Officer for Meggitt Safety Systems, Inc.’ government prime contract under which this Contract is entered.
 - d. “Contractor” and “OFFEROR” means the SELLER acting as the immediate (first tier) subcontractor to Meggitt Safety Systems, Inc.
 - e. “Prime Contract” means the contract between Meggitt Safety Systems, Inc. and the U.S. Government or between Meggitt Safety Systems, Inc. and its higher-tier contractor who has a contract with the U.S. Government.
 - f. “Subcontract” means any contract placed by the contractor or lower-tier subcontractors under this Contract.

FAR FLOWDOWN CLAUSES

- 1. **The following FAR clauses apply to this Order:**

FAR Clause	Title
52.203-3	Gratuities
52.203-5	Covenant Against Contingent Fees
52.203-6	Restrictions On Contractor Sales To The Government
52.203-7	Anti-Kickback Procedures
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
52.204-5	Women-Owned Business (Other Than Small Business)



52.209-5	Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility
Matters	
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred,
Suspended, or Proposed for Debarment	
52.211-5	Material Requirements
52.211-14	Notice of Priority Rating for National Defense Use
52.211-15	Defense Priority and Allocation Requirements
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.215-20	Requirements For Cost Or Pricing Data Or Information Other Than Cost Or Pricing Data
52.215-21	Requirements For Cost Or Pricing Data Or Information Other Than Cost Or Pricing Data –
Modifications	
52.219-8	Utilization of Small Business Concerns
52.219-22	Small Disadvantaged Business Status
52.222-1	Notice to the Government of Labor Disputes
52.222-2	Payment for Overtime Premiums
52.222-3	Convict Labor
52.222-4	Contract Work Hours and Safety Standards Act-Overtime Compensation
52.222-11	Subcontracts (Labor Standards)
52.222-12	Contract Termination—Debarment
52.222-18	Certification Regarding Knowledge of Child Labor for Listed End Products
52.222-21	Prohibition of Segregated Facilities
52.222-26	Equal Opportunity
52.222-41	Service Contract Act of 1965, as Amended
52.222-43	Fair Labor Standards Act and Service Contract Act--Price Adjustment (Multiple Year and
Option Contracts).	
52.222-44	Fair Labor Standards Act and Service Contract Act--Price Adjustment
52.223-3	Hazardous Material Identification and Material Safety Data
52.223-4	Recovered Material Certification
52.223-7	Notice of Radioactive Materials
52.223-11	Ozone-Depleting Substances
52.223-13	Certification of Toxic Chemical Release Reporting
52.223-14	Toxic Chemical Release Reporting
52.224-2	Privacy Act
52.225-1	Buy American Act—Supplies
52.225-5	Trade Agreements
52.225-2	Buy American Act Certificate
52.225-8	Duty-Free Entry
52.225-9	Buy American Act Construction Materials
52.225-13	Restriction on Certain Foreign Purchases
52.226-1	Utilization of Indian Organizations and Indian-Owned Economic Enterprises
52.227-1	Authorization and Consent
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.227-3	Patent Indemnity
52.227-9	Refund of Royalties
52.227-11	Patent Rights – Retention by the Contractor (Short Form)
52.227-12	Patent Rights – Retention by the Contractor (Long Form)
52.227-14	Rights in Data - General



52.227-19	Commercial Computer Software-Restricted Rights
52.228-5	Insurance – Work on a Government Installation
52.229-3	Federal, State And Local Taxes
52.229-4	Federal, State And Local Taxes (State and Local Adjustments)
52.232-17	Interest
52.234-1	Industrial Resources Developed Under Defense Production Act Title III
52.236-13	Accident Prevention
52.242-13	Bankruptcy
52.242-15	Stop Work Order
52.243-1	Changes--Fixed-Price
52.244-5	Competition in Subcontracting
52.244-6	Subcontracts for Commercial Items and Commercial Components
52.245-2	Government Property (If provided under this order)
52.245-17	Special Tooling (Applicable to any order that involves special tooling)
52.245-18	Special Test Equipment (Applicable to any order which involves the acquisition or fabrication of special test equipment)
52.246-2	Inspection of Supplies
52.246-23	Limitation of Liability
52.247-63	Preference for U.S. Flag Air Carriers
52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels

2. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$10,000:

FAR Clause	Title
52.222-20	Walsh-Healy Public Contracts Act
52.222-22	Previous Contracts and Compliance Reports
52.222-25	Affirmative Action Compliance
52.222-36	Affirmative Action for Workers With Disabilities
52.222-38	Compliance with Veterans' Employment Reporting Requirements

3. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$25,000:

FAR Clause	Title
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
52.222.37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
52.225-3	Buy American Act--North American Free Trade Agreement--Israeli Trade Act
52.225-4	Buy American Act North American Free Trade Agreement--Israeli Trade Act Certificate

4. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$100,000:

FAR Clause	Title
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.215-2	Audit and Records-Negotiation
52.215-14	Integrity of Unit Prices
52.215-15	Pension Adjustments and Asset Reversions



52.223-6	Drug-Free Workplace
52.223-13	Certification of Toxic Chemical Release Reporting
52.223-14	Toxic Chemical Release Reporting
52.248-1	Value Engineering

5. The following FAR clauses apply to this Order if the value of this Order equals or exceeds \$500,000:

FAR Clause	Title
52.214-26	Audit and Records-Sealed Bidding
52.214-28	Subcontractor Cot or Pricing Data-Modifications Sealed Bidding
52.215-2	Audit and Records—Negotiation
52.215-7	Waiver of Facilities Capital Cost of Money
52.215-10	Price Reduction for Defective Cost or Pricing Data.
52.215-11	Price Reduction for Defective Cost or Pricing Data – Modifications
52.215-12	Subcontractor Cost or Pricing Data
52.215-13	Subcontractor Cost or Pricing Data – Modifications
52.215-16	Facilities Capital Cost of Money
52.215-18	Reversion or Adjustment of Plans for Post Retirement Benefits Other than Pensions (PRB)
52.215-19	Notification of Ownership Changes
52.215-21	Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data -
Modifications	
52.219-9	Small Business Subcontracting Plan (Applicable if the Contractor is not a small business)
52.219-16	Liquidated Damages--Subcontracting Plan
52.230-1	Cost Accounting Standards Notices and Certification
52.230-2	Cost Accounting Standards
52.230-3	Disclosure and Consistency of Cost Accounting Practices
52.230-4	Consistency in Cost Accounting Practices
52.230-5	Disclosure and Consistency of Cost Accounting Practices
52.230-6	Administration of Cost Accounting Standards

DOD FAR SUPPLEMENT FLOWDOWN CLAUSES

7. The following DOD FAR Supplement clauses apply to this Order:

DOD FAR Supplement Clause	Title
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material
252.209-7000	Acquisition Under INF Treaty (Applicable to any Order greater than \$100K)
252.209-7001	Disclosure of Ownership or Control by the Government of a Terrorist Country
252.209-7002	Disclosure of Ownership or Control by a Foreign Government



- 252.209-7004 Subcontracting with Firms That Are Owned or Controlled by the Government of a Terrorist Country
- 252.215-7000 Pricing Adjustments (Applicable when cost or pricing data is required)
- 252.219-7000 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Applicable to any Order equal to or greater than \$500K)
- 252.223-7001 Hazard Warning Labels
- 252.225-7001 Buy American Act and Balance of Payments Program
- 252.225-7002 Qualifying Country Sources as Subcontractors
- 252.225-7007 Buy American Act/Trade Agreements/Balance of Payment
- 252.225-7012 Preference for Certain Domestic Commodities
- 252.225-7013 Duty Free Entry

252.225-7014 Alt. 1, Preference for Domestic Specialty Metals Alternate 1
Any specialty metals (as defined in DRARS 252.2257014, Alternate 1) incorporated in Articles delivered under this purchase order shall be melted in the United States or its outlying areas. This clause is not applicable to specialty metals that are:
- Melted in a qualifying country (defined in DFARS 225-872-1, or

**DOD FAR
Supplement**

**Clause - Incorporated in an article manufactured in a qualifying country.
The supplier shall insert the substance of this clause, including this paragraph, in all subcontracts for items containing specialty metals.**

Material Certifications must be sent with each shipment of product containing Specialty Metals.

- 252.225-7015 Preference for Domestic Hand or Measuring Tools
- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings
- 252.225-7018 Notice of Prohibition of Certain Contracts with Foreign Entities for the Conduct of Ballistic Missile Defense Research, Development, Test and Evaluation
- 252.225-7021 Trade Agreements
- 252.225-7022 Restriction on Acquisition of Polyacrlonitrile (PAN) Carbon Fiber
- 252.225-7025 Restriction on Acquisition of Forgings
- 252.225-7026 Reporting of Contract Performance Outside of the United States
- 252.225-7027 Restriction on Contingent Fees for Foreign Military Sales
- 252.225-7028 Exclusionary Policies and Practices of Foreign Governments
- 252.225-7030 Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate
- 252.225-7031 Secondary Arab Boycott of Israel
- 252.225-7035 Buy American Act – Free Trade Agreements –Balance of Payments Program Certificate
- 252.225-7036 Buy American Act – Free Trade Agreements Act-Balance of Payment Program
- 252.226-7001 Utilization of Indian Organizations and Indian Owned Economic Enterprises and Native Hawaiian Small Business Concerns



252.227-7013	Rights in Technical Data--Noncommercial Items
252.227-7014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
252.227-7015	Technical Data – Commercial Items
252.227-7016	Rights in Bid or Proposal Information
252.227-7019	Validation of Asserted Restriction – Computer Software
252.227-7025	Limitations on the Use or Disclosure of Government-furnished Information Marked with Restrictive Legends
252.227-7026	Deferred Delivery of Technical Data or Computer Software
252.227-7027	Deferred Ordering of Technical Data or Computer Software
252.227-7030	Technical Data Withholding of Payment
252.227-7034	Patents-Subcontracts
252.227-7036	Declaration of Technical Data Conformity
252.227-7037	Validation of Restrictive Markings on Technical Data
252.227-7039	Patents – Reporting of Subject Inventions
252.231-7000	Supplemental Cost Principles
252.243-7001	Pricing of Contract Modifications
252.244-7000	Subcontracts for Commercial Items And Commercial Components (DoD Contracts)
252.245-7001	Reports of Government Property
252.246-7001	Warranty of Data
252.247-7023	Transportation of Supplies by Sea
252.247-7024	Notification of Transportation of Supplies by Sea
252.249-7002	Notification of Anticipated Contract Termination or Reduction