

1. GENERAL - This order (which shall be deemed to include the purchase order form, instructions, drawings, specifications, regulations, data and other documents, to the extent that any of the same are incorporated by reference herein), and these Terms and Conditions contains the complete and entire agreement between Buyer and Seller. It supersedes any other communications, representations or agreements whether oral or written.

This order may be accepted only on all the terms and conditions herein stated. Additional or different terms proposed by the Seller shall not be applicable, unless accepted in writing by the Buyer and made a part of this order. No acceptance by Buyer of or payment for goods ordered hereunder shall be deemed a waiver of the foregoing or an acceptance of any additional or different terms contained in any acknowledgement, invoice or other form sent or delivered by Seller to Buyer.

No usage of trade or course of dealing shall serve to alter or supplement the terms and conditions herein stated.

As used in this order the term "articles" refers to goods, products, supplies, parts, assemblies, specifications, services, data and other items constituting the subject matter of this order. Whenever appropriate, the term "contractor" shall mean Seller, the term "contract" shall mean this order and the terms "Government" and "Contracting Officer" shall mean buyer and (when applicable) the Government.

This order shall be construed and applied in accordance with the laws of the state of Florida and any litigation brought hereunder by either party shall be in a Court of that state, unless such Court decides that it does not have jurisdiction.

In the event of any conflict in provisions, the following order of precedence shall govern (1) Schedule of Deliverable Articles/Services; (2) Statement of Work; (3) special terms and conditions including "Additional Quality Assurance Requirements;" (4) Specifications; (5) Buyer or Government-furnished drawings; (6) Buyer or Government-furnished models; (7) Terms and Conditions

2. TERMS AND CONDITIONS - The invalidity, in whole or in part, of any term or condition of this order shall not affect the validity of other terms or conditions contained herein. Only an authorized member of Buyer's Purchasing Department has the authority to agree to any changes in the terms and conditions of this order.

3. ACCEPTANCE - This order becomes a binding contract when any of the following has occurred: Upon receipt of the order, if it materially conforms to Seller's offer; upon the passage of ten days, if Seller fails to object to it; upon acceptance by acknowledgement; upon commencement of performance or upon shipment. Seller assumes all risks of performance in accordance with the provisions hereof and certifies that he has made all inquiries, examinations and investigations, and possesses the facilities and capabilities required for performance within the time limit specified in this order.

4. DELIVERY - Timely performance is the essence of this order. Buyer's production schedules are dependent upon Seller's promise to perform this order in accordance with the delivery schedule set forth on the order.

Since the exact impact of late delivery on Buyer's production cost is difficult to ascertain, Seller and Buyer agree that Buyer will assess seller with liquidated damages for the impact of such late delivery at the rate of one percent of the price of the late item per day, without advance notice to the Seller. Buyer may waive or reduce the amount of assessment at its option when, in Buyer's opinion, the assessment would be in the nature of a penalty rather than reimbursement for the estimated costs suffered by Buyer for such late delivery. The assessment of liquidated damages shall be a right Buyer has in addition to the rights set forth in Clause 10 below and shall not be an abridgement of any Buyer's Clause 10 rights.

Seller shall notify buyer promptly as soon as Seller knows that Seller will not perform this order in accordance with the delivery schedule. Seller shall with such notice, offer a sum of money by which the amount of this order may be reduced as consideration for the proposed change in delivery schedule. If Buyer accepts said offer, the order will be appropriately amended and any right to liquidated damages will be waived unless the Seller again becomes delinquent. If the delivery schedule is not met, Buyer may, at its option, temporarily forbear from holding Seller in default under Clause 11. However, Seller agrees that Buyer's Forbearance will not act as a waiver of any of Buyer's rights at any time thereafter, without notice, (a) to hold Seller in default under Clause 11 for failure to meet the delivery of schedule as set forth on this order and/or (b) to assess Seller liquidated damages computed against the schedule as set forth in this order.

All articles must be suitably packed and prepared for shipment so as to arrive safely. No charges will be paid by Buyer for packaging, packing, cartage, or the like unless this order specifically allows such charges.

Seller assumes all risks for failure to ship in accordance with any routing instruction set forth on this order. Articles delivered in advance of schedule without Buyer's consent, may at Buyer's option, either (1) be returned at Seller's risk and expense for redelivery at the scheduled times or (2) have payment therefore withheld until the date payment would otherwise have been due.

Seller shall not make material or production commitments in advance of such time or in excess of such amount reasonably required to meet the delivery schedule required by this order. In the event that Seller becomes delinquent, Seller shall ship fastest way and shall bear the increase in shipping costs incurred, by use of a premium mode of shipment, over the lowest freight rate which would otherwise have been available had the material been ready for delivery on time.

If Seller is delinquent, Buyer may, at its option, withhold payments due Seller until the delinquency is cured. Seller agrees that, while delinquent, Seller will not, as a condition precedent to making deliveries or to releasing property of Buyer and/or the Government, require Buyer to disburse any fund which but for the delinquency, would otherwise be due and payable to Seller.

5. CHANGES - Buyer may at any time and without notice make changes within the general scope of this order including, but not limited to drawings, specifications, quantities, place of delivery, or delivery schedules, and/or may direct the temporary suspension and/or resumption of scheduled delivery or the performance of work under this order.

Only an authorized member of Buyer's Purchasing Department has the authority to agree to changes or suspension under this order.

If any such change or suspension causes an increase or decrease in the cost or the time required for performance of the work under this order, an equitable adjustment shall be made in the price or delivery schedule or both.

Any claim by Seller for adjustment under this clause must be asserted by Seller within twenty days of notification of such change by Buyer.

Failure to agree to any adjustment shall be a dispute within the meaning of the clause herein entitled "Disputes." However, nothing in this clause shall excuse Seller from proceeding with this order as changed. In connection with any claim for adjustment under this clause Seller shall submit cost data in such form and detail as may reasonably be required by Buyer. When the cost of property made obsolete or excess as a result of a change is included in Seller's claim for adjustment hereunder, Buyer shall have the right to receive and/or prescribe the manner of disposition of such property.

Any change to the contract requirements by the Supplier must be approved by the SPM Buyer in writing. Notify SPM of changes in product and/or process, changes of Suppliers, changes of manufacturing facility location and, where required, obtain SPM Buyer approval.

6. INSPECTION AND TEST - All articles shall be subject to final inspection (including testing) and acceptance or rejection at Buyer's facility within a reasonable period after delivery, notwithstanding any prior inspection: payment shall not create any presumption as to final inspection nor constitute acceptance. All work under this order shall, at all reasonable times and places, be subject to inspection by Buyer and its customers, and Seller and Seller's subcontractor shall furnish, at no additional cost to Buyer, all reasonable facilities and assistance necessary for such inspection. However, no such inspection shall relieve the Seller from responsibility for defects or other failure to meet any requirement of this order.

The Seller shall maintain quality programs and inspection systems, acceptable to Buyer and its customers for the performance of the work hereunder and as otherwise required by this order, and such programs and systems shall be subject to review by Buyer and its customer. Records of Inspection and verifiable evidence that all requirements of this order relating to quality and specifications have been compiled with shall be maintained complete and shall be made available to Buyer and its customers during performance of this order and for ten (10) years after its completion, and copies of such records shall be furnished to Buyer upon request and at no additional cost to Buyer.

7. **DEFECTIVE ARTICLES** - In the event any article furnished hereunder is defective in material or workmanship or otherwise not in conformity with the requirements of this order, Buyer shall have the right to : (1) reject the article and require its replacement or correction; (2) require its correction in place; (3) accept it with an equitable adjustment in price; (4) correct it without prior notice to Seller and charge Seller the costs thereof when, in Buyer's judgment, time will not permit correction or replacement by Seller, or when damage to Buyer would otherwise be mitigated thereby; or (5) require replacement without first returning the defective article to the Seller when damage to Buyer would be mitigated thereby. Buyer reserves the right to charge Seller the costs of re-inspection of articles rejected. If, after being requested by Buyer, Seller fails to promptly replace or correct any defective articles, Buyer (1) may replace or correct such article, and charge Seller the cost thereof, or (2) may without further notice terminate this order for default.

If the defective goods are used by Buyer, Buyer's customer, and/or Buyer's suppliers, Seller shall also be liable for such consequential damages.

8. **WARRANTY** - Seller represents and warrants that all articles furnished hereunder will be free of defects; will conform to this order; and will be fit and sufficient for the purpose intended by Buyer. Seller further warrants that all such articles will be free of all liens and encumbrances or any other defect of title. These warranties, together with service warranties and guarantees, if any, shall survive acceptance and payment; shall run to Buyer and its customers; and shall apply to original articles and any repair and/or replacements. The terms of the clause entitled "Defective Articles" shall apply also to this clause. Seller shall warrant that there is no instance of malpractice, fraud or falsification and shall have a process in place for prevention of same.

9. **TERMINATION** - Buyer may terminate this order in whole or in part at any time by written notice to seller. Unless this order is terminated under the provisions of the clause herein entitled "Default", the rights of the Buyer and Seller shall be controlled by and settlement shall be made in accordance with the provisions of the clauses appearing in the Federal Acquisition Regulations (FAR) in effect on the date of this order as follows: (1) for fixed-price supply orders of \$100,000 or less - FAR 52.249-1; (2) for fixed-price supply orders of more than \$100,000 - FAR 52.249-2; (3) for services - FAR 52.249-4; (4) and for architect-engineer services - FAR 52.249-7.

The above clauses are incorporated herein by reference as appropriate to the type of order issued by Buyer, except that Seller's termination claim shall in all cases be submitted within sixty days after the effective date of termination. However, notwithstanding the above provisions, and to the extent that this order calls for the delivery of standard articles regularly marketed by Seller from inventories maintained by Seller, this order may be terminated in whole or in part, without liability to Buyer at any time prior to Seller's shipment of such standard articles.

After shipment, standard articles may be returned to Seller at no cost to Buyer except for normal handling charges, the procedures set forth herein shall govern even if this order is not placed pursuant to a government contract: in such event, the word "Government" and "Contracting Officer" shall be replaced by "Buyer" throughout cited FARs. Seller shall not make material or production commitments in advance of such time or in excess of such amount reasonably required to meet the delivery schedule required by this order.

10. **QUANTITIES** - Unless specifically allowed elsewhere in this order and related documents Seller's shipments must equal the exact quantities ordered. If Seller requests the return of any over shipped quantities, a \$250 handling fee, plus freight F.O.B. Buyer, will be charged by Buyer to Seller's account.

11. **DEFAULT** - In the event Seller shall (1) fail to perform this order within the time herein provided, or any extension thereof; or (2) fail to perform any or the other provisions of this order, and not cure such failure within ten days after receipt of notice from Buyer specifying such default; or (3) supplies articles which are not in full compliance with this order's requirements; or (4) become insolvent or fail to provide additional assurances of financial solvency upon Buyer's reasonable request; Buyer shall have the right, upon written notice to Seller, to terminate this order in whole or in part.

In the event of such termination Buyer shall have the right, at its option, to require Seller to transfer title to and deliver, as Buyer may direct, any completed or partially completed articles and any material acquired for the performance of this order.

Buyer shall pay Seller the order price of any acceptable completed articles so transferred. Payment for partially completed articles or materials so transferred shall be in an amount agreed upon by Buyer and Seller. Failure to agree to such amount shall be a dispute within the meaning of the clause herein entitled "Disputes."

Buyer shall in the event of such termination, have the right to fabricate and/or procure articles so terminated and to hold Seller accountable for any costs incurred above the face value of this order, including consequential costs incurred by Buyer when non-complying goods have been supplied and used by buyer and/or its supplier or customer in its products before such noncompliance has been discovered.

Seller shall also be held accountable to Buyer for any legal fees and costs incurred by Buyer in the prosecution of its rights under this clause. If after notice of termination of this order under the provisions of this clause, it is determined that Seller was not in default under the provisions of this clause such termination shall be considered to have been issued under the provisions of the clause entitled "Termination" and the rights and obligations of Buyer and Seller shall be as set forth therein. Nothing in this clause shall excuse the Seller from continuing the performance of this order to the extent not terminated. The rights and remedies of Buyer under this clause shall not be exclusive and are in addition to any other rights and remedies provided by law.

12. **DISCLOSURES** - All information in the contract must be held in confidence by the Supplier and no third-party request for information will be authorized unless instructed in writing by a SPM Buyer. All documents to be retained for 10-year min unless extended retention is required by SPM or its customers.

No information or knowledge heretofore or hereafter disclosed to Buyer in performance of, or in connection with, this order shall be deemed to be confidential or proprietary, unless otherwise expressly agreed to in writing by Buyer, and any such information or knowledge shall be free from any restrictions (other than a claim for patent infringement) as part of the consideration of this order.

13. **REPRODUCTION RIGHTS** - Seller agrees to and does hereby grant to Buyer the right to reproduce, use and disclose for any and all purposes all or any part of the reports, drawings, blueprints, data and technical information specified to be delivered by Seller to Buyer under this order: provided, however, that nothing contained in this clause shall be deemed to grant any license under any patent now or hereafter issued.

14. **DRAWINGS, DATA AND TOOLING** - Seller shall keep confidential all information, drawings, specifications, data or tooling furnished by Buyer, or prepared by Seller specifically in connection with the performance of this order and shall not divulge or use such information, drawings, specifications, data, or tooling for the benefit of any other party directly or indirectly without the prior written consent of Buyer.

15. **ASSIGNMENT** - This order or any interest therein including any claims for monies due or to become due may be assigned only upon written consent of Buyer. Any payment to any assignee in consequence of such consent shall be subject to set-off, recoupment or other reduction for any claim present or future which Buyer may have against Seller.

16. **SUBCONTRACTING** - Seller shall not, without prior written approval of Buyer, subcontract any portion of this order.

17. **INDEMNITY** - Seller shall hold harmless and indemnify Buyer and its officers, directors, employees, and agents from and against any and all liabilities, losses, and expenses (including attorney's fees and related expenses) resulting from the fault or negligence of the Seller arising out of or connected with the articles or performance of work under this order. The rights and obligations of this clause shall survive termination, expiration, or completion of this order.

18. **PATENTS AND INVENTIONS** - Seller agrees to defend at its own expense Buyer and its customers, or users of its products, and to hold them harmless with respect to any and all claims that the articles furnished by Seller under this order infringe any U.S. and/or foreign Patent, and with respect to any and all suits, controversies, demands and liabilities arising out of any such claim, provided that the foregoing shall not apply to any infringement resulting from the Seller's manufacture to design furnished by Buyer. If this order includes experimental, developmental or research work, Seller agrees to disclose to Buyer, and to convey to Buyer upon demand, and without additional consideration therefore, a non-exclusive, irrevocable and royalty-free license for the unrestricted use of any and all inventions, whether or not patentable, first conceived or actually reduced to practice under this order.
19. **TAXES** - Seller agrees that unless otherwise set forth in this order, the prices herein do not include any state or local use or other tax from which an exemption is available for purposes of this order and that the prices herein include all other applicable federal, state and local taxes in effect on the date of this order.
20. **COMPLIANCE WITH LAWS** - Seller shall comply with all applicable City, County, State, and Federal laws, executive orders, and regulations, and agrees to indemnify Buyer against any loss, liability or damage by reason of Seller's violation thereof, Without limiting the generality of the foregoing, Seller, in acceptance of this order and in submitting invoices hereunder, represents, and certifies that the articles furnished hereunder were produced in compliance with all applicable requirements of the Fair Labor Standards Act of 1938, as amended, and the Davis Bacon Act, if applicable.
21. **DISPUTES** - Except as otherwise provided in this order, any dispute arising under this order, which is not disposed of by agreement, shall be decided by Buyer. Such decision shall be reduced to writing and a copy thereof mailed to the Seller. Within thirty days after date of receipt of such copy, Seller may notify Buyer in writing of its disagreement with said decision. In the absence of such notice said decision shall be final. If such notice is received, Seller and Buyer agree to submit the dispute to binding arbitration in Melbourne Florida, before a single arbiter, in accordance with the rules of the American Arbitration Association of Florida. Pending a final determination of a dispute hereunder Seller shall diligently proceed with the performance of this order in accordance with the decision of Buyer.
22. **GOVERNMENT AND BUYER PROPERTY** - If in connection with the performance of this order any Government or Buyer owned property is furnished to Seller, the rights and duties of the Seller with respect to such property shall be determined in accordance with the Government property (fixed-price contracts) clause set forth in FAR 52.245-2, as the same is in effect on the date of this order, except that all references throughout that clause to "Government," "Contracting Officer," etc. shall mean Buyer.
Seller shall be responsible for loss due to damage, destruction, disappearance, etc. of such furnished property and shall carry insurance in an amount satisfactory to Buyer to cover the full loss while such property is in the Seller's care, custody and control. All property, including tools, furnished or specifically paid for by Buyer, shall be and remain the property of Buyer even if left on Seller's premises. In the event that Seller becomes insolvent or is in default under Clause 11. Buyer shall have the right to enter on to Seller's premises, without notice or legal proceeding, for the purpose of removing all of the aforesaid property.
23. **EXAMINATION OF RECORDS** - Seller agrees to make available to Buyer all records relating to the performance of this order should Buyer require such information as elsewhere herein provided, or for purposes of resolving any dispute or claim pressed upon Buyer, for a period of three years after final payment under this order.
Seller further agrees that if this order was awarded in connection with a Government contract, representatives of the Government, including the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of ten years after final payment under this order, have access to and the right to examine records of Seller in accordance with FAR Clauses 52.215-1.
Examination of Records by Comptroller General and FAR 52.215-2, Audit - Negotiation as in effect on the date of this order. Seller agrees to incorporate the provisions of these clauses in all subcontracts pertaining to this order.
24. **RIGHT OF ACCESS** - The supplier shall provide Right of Access to all facilities, applicable documents and records involved in prosecution of the purchase order. The right of access includes Shapes Group Ltd. Co. d/b/a Shapes Precision Manufacturing; their Customer, and or their Customer's Customer(s) to the level of the End Item User., and any US Government or Regulatory Authorities. Access shall be provided on a 24 hours advanced notice by Shapes Group Ltd. Co. d/b/a Shapes Precision Manufacturing.
25. **GOVERNMENT PROCUREMENT REGULATIONS** - If the face of this order indicates that a Government prime contract is applicable, the following additional FAR clauses, as in effect on the date of this order, are hereby incorporated by reference and made a part of this order:
52.203-01 Officials Not to Benefit; 52.203-03 Gratuities ; 52.203.05 Covenant Against Contingent Fees; 52.204-02 Security Requirements; 52.208-01 Required Sources for Jewel Bearings and Related Items; 52.208-70000 (DOD FAR Supplement) Required Sources for Miniature and Instrument Ball Bearings; 52.210-05 New Material; 52.210-7 Used or Reconditioned material, Residual Inventory, and Former Government Surplus Property; 52.212-08 Priorities, Allocations, and Allotments; 52.212-13 Stop-Work Order; 52.214-28 Subcontractor Cost or Pricing Data-Modifications-Formal Advertising; 52.215-22 Price Reduction for Defective Cost or Pricing Data; 52.219-08 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns; 52.219-13 Utilization of Women-Owned Small Businesses; 52.220-01 Preference for Labor Surplus Area Concerns; 52.220-03 Utilization of Labor Surplus Area Concerns; 52.222-01 Notice to Government of Labor Disputes; 52.222-03 Convict Labor; 52.222-04 Contract Work Hours and Safety Standards Act- Overtime Compensation-General; 52.222-20 Walsh-Healey Public Contracts Act; 52.222-21 Certification of Non-segregated Facilities; 52.222-25 Affirmative Action Compliance; 52.222-26 Equal Opportunity; 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans; 52.222-7001 (DOD FAR Supplement) Services Contract Act (SCA) Minimum Wages and Fringe Benefits 52.223-02 Clean Air and Water; 52.225-03 Buy American Act-Supplies; 52.225-10 Duty-Free Entry; 52.225-11 Certain Communist Areas; 52.227- 1 Authorization and Consent; 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement; 52.227-06 Royalty Information; 52.227-08 Reporting of Royalties (Foreign); 52.227-09 Refund of Royalties; 52.227-10 Filing of Patent Applications-Classified Subject Matter; 52.227-7013 (DOD FAR Supplement) Rights in Technical Data and Computer Software; 52.230-3 Cost Accounting Standards; 52.230-4 Administration of Cost Accounting Standards; 52.235-7004 (DOD FAR Supplement) Frequency Authorization; 52.245-17 special Tooling; 52.245-18 Special Test Equipment; and 52.248-01 Value Engineering (Applicable if this Order exceeds \$100,000). If this order is let pursuant to a Government prime contract, the following additional Department of Labor regulation also applies: OFCCP Regulation: 60-1.7 Employer Information Report. Seller agrees to incorporate the provisions of this clause 24 in all subcontracts pertaining to this order. Shapes "Terms and Conditions - Purchasing - Supplement 1" also applies.
26. **DISASTER RECOVERY** - Seller shall have a disaster recovery plan in place to prevent loss of goods and services to Buyer and shall notify Buyer of any event that precludes or prevents delivery in accordance with purchase order requirements.