

THIS ORDER IS SUBJECT TO THE FOLLOWING CONDITIONS

1. **Packing and Shipping** - All items shall be suitably prepared and packed for shipment. Buyer will not allow extra charges for packing, cartage or anything else unless stated in this order. Seller shall mark the number of this order on each container and enclose a packing slip with the order number in each container. Seller shall mail invoices in duplicate, shipping documents and copy of packing slip to Buyer on day shipment is made.
2. **Delivery Schedule** - Seller shall follow the delivery schedule shown on this order and shall not make deliveries later or substantially earlier than dates shown. If items are shipped substantially in advance of scheduled delivery dates, Buyer may return them at Seller's expense. If Seller exercises due care, Seller shall not be liable for delays in delivery due to causes beyond its reasonable control. If Seller does not adhere to the delivery schedule, Buyer may either agree to a revised delivery schedule or terminate this order without liability to Buyer.
3. **Inspection** - Seller agrees to permit the Buyer's inspectors or the Buyer's Customer's inspectors to have access to the Seller's plant at all reasonable times for the purpose of inspecting any items set forth on this order or work in process for production of such items. All items are subject to final inspection and approval at Buyer's plant or other place designated by Buyer in writing. Such inspection shall be made within reasonable time after delivery, irrespective of the date of payment. Buyer may return rejected items at Seller's expense. Seller shall not replace items returned as defective unless so directed by Buyer in writing.
4. **Changes** - Buyer may make changes in the drawings, specifications, quantities, delivery schedules, or methods of shipment or packing on any item at any time. If such changes result in delay, or an increase or decrease in expense to Seller, an equitable adjustment of price and delivery schedules will be made in an amendment to this order. Changes by Seller in the design, specification requirements, prices, delivery dates, or other terms and conditions of this purchase must be approved by the Buyer.
5. **Drawings, Specifications and Technical Information** - Drawings, data, designs, inventions, and any other technical information supplied by Buyer shall remain Buyer's property and shall be held in confidence by Seller. Such information shall not be reproduced, used and/or disclosed to other than Seller without Buyer's prior written consent, and shall be returned to Buyer upon completion of this order or upon demand. Any information which Seller may disclose to Buyer with respect to the design, manufacture, sale or use of the items covered by this order shall be deemed to have been disclosed as part of the consideration for this order, and Seller shall not assert any claim (other than a claim for patent infringement) against Buyer by reason of Buyer's use thereof.
6. **Overshipments** - Overshipments not in excess of 5% or \$15.00, whichever is smaller, are authorized unless otherwise stated.
7. **Cash Discount** - Periods will be computed either from the date of delivery of the goods ordered, or the date of receipt of correct and proper invoices; prepared in accordance with terms of Buyer's order, whichever date is later.
8. **Buyer's Property** - All tools, dies, jigs, patterns, equipment, or material and other items purchased, furnished, charged to or paid for by Buyer, and any replacement thereof, shall remain the property of Buyer. Such property shall be plainly marked "Property of L-3 Electronic Systems" and shall be safely stored apart from other property. Seller shall not substitute other property for Buyer's property and shall not use such property except in filling Buyer's orders. Seller shall hold such property at its own risk and, upon Buyer's written request, shall redeliver the property to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted.
9. **Taxes** - Federal, State, Provincial or Local Taxes of any nature which are billed to Buyer, shall be stated separately in Seller's invoices.
10. **Warranty** - Seller warrants that all items shall be free from defects of material or workmanship, shall conform to drawings and specifications and shall be of merchantable quality and fit for the purpose for which purchased. Such warranties, together with all other service warranties and guarantees of Seller shall run in favour of Buyer and its customers.
11. **Assignment and Subcontracting** - This order may not be assigned by Seller nor shall a subcontract be made with any other party for furnishing any of the completed or substantially completed articles, spare parts or work herein contracted for, without the written approval of the Buyer.
12. **Patent Indemnity** - To the extent the subject items are not manufactured pursuant to design specified by Buyer, Seller shall indemnify and hold Buyer and its agents and customers harmless from any loss, damage, or liability for infringement of Canadian and United States patent rights with respect to such items and shall at its own expense defend any action in which such infringement is alleged with respect to the manufacture, sale or use of such items delivered hereunder; provided Seller is duly notified as to suits against Buyer; and provided further Seller's indemnity as to use shall not apply to any infringement arising out of use in combination with other items where such infringement would not have occurred from the normal use for which the article was designed.
13. **Termination** - If Seller becomes insolvent, or makes an assignment for the benefit of its creditors, or if a petition in bankruptcy is filed by or with respect to Seller, Buyer may by notice in writing, terminate this order without liability except for items already delivered. Buyer may terminate this order at any time by notice in writing to Seller. In such latter event Buyer shall pay such cancellation charges as may be agreed upon; in the event of failure to reach such agreement, Buyer will be liable for such sum as may lawfully be owing to Seller on account of such termination. The provisions of this paragraph shall not limit or affect the right of the Buyer to terminate this order for the default of the Seller.
14. **Compliance with Law** - Seller agrees to comply with all applicable local/state/provincial and federal laws, executive orders and regulations issued pursuant thereto, furnish certificates of compliance on request, indemnify Buyer against any loss, cost, liability or damage by reason of Seller's violation of this paragraph.
15. **Insurance** - No truck, express or air freight shipment for over maximum valuation, i.e., \$50.00 or 50 cents per lb. as provided in carrier rules and regulations excepting parcel post which will show full valuation.

CONDITIONS APPLICABLE TO ORDERS BEARING GOVERNMENT CONTRACT NUMBERS

In addition to the above terms and conditions, the following will apply: -

- A. (1) The provision of General Conditions form DSS1011A and Supplemental General Conditions form DSS1035 (subletting) U.S. Contractors.
(2) The provisions of General Conditions form DSS1026A (Fixed Price) or DSS1026B (Cost Reimbursement) Canadian Contractors.
(3) The provisions of General Costing Memorandum form DSS1031.
(4) The provisions of Insurance Requirements form DSS1024.
- B. **Military Security Requirements:**
 - (1) The provisions of this clause shall apply to the extent that this Purchase Order involves access to Security information classified "Secret" or "Confidential".
 - (2) Aliens employed by Seller shall not be permitted to have access to the plans, specifications or work under this order.
 - (3) Designated representatives of the Government and/or of the Buyer shall have the right to inspect at reasonable intervals, the procedures, methods and facilities utilized by the Seller in complying with the requirements of the terms and conditions of this article.
 - (4) Seller agrees to insert in all subcontracts hereunder, which involve access to security information, provisions which shall conform substantially to the language of this Article and Seller agrees further that it shall determine that such subcontractor has been granted an appropriate facility security clearance which is still in effect.
- C. **Inspection and Audit.** - The Seller agrees that its books and records and its plant or such parts thereof as may be engaged in the performance of this Purchase Order shall at all reasonable times be subject to inspection and audit by any authorized representative of the Canadian Government.
- D. **Government-furnished Property** - Any such property supplied to Seller will be returned in as good a condition as when received except for reasonable wear and tear for utilization of the property in accordance with the provisions of this order.
- E. **Inspection at Source** - Buyer reserves the right to request Government inspection at source. In the event this right is exercised, the Seller shall make all necessary arrangements with the proper Government Agency to arrange for this inspection and shall promptly furnish Buyer with the resulting inspection certificates.