



Sandel Avionics, Inc.
Purchase Order Terms and Conditions

1. Sandel reserves the right of final approval of product, procedures, processes and equipment. Any remedies of Sandel for rejection set forth in these terms and conditions are in addition to, and not in lieu of or in limitation of, any other rights or remedies which Sandel may have under applicable law or under the terms of the purchase order.
2. All special processes required by this purchase order must be performed by qualified personnel.
3. Sandel reserves the right to review and approve Supplier's Quality Management System ("QMS"). Standard QMS requirements include:
 - a. Suppliers providing special processing must maintain a system for validating processes similar to that of a NADCAP program or other system as required by this purchase order.
 - b. Sandel's customer directed sources must operate in accordance with approved specifications and standards as dictated and controlled by the customer in question.
 - c. Suppliers initially approved for use via Certification (ISO, AS9100 etc.) must notify Sandel of any changes to that certification.
4. Supplier shall maintain the proper identification and revision status specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.
5. Sandel reserves the right to approve or specify any designs, tests, inspections plans, verifications, use of statistical techniques for product acceptance, and any applicable critical items, including key characteristics.
6. Sandel reserves the right to designate requirements for test specimens for design approval, inspection/verification, investigation or auditing.

- 7.** Supplier is required to:
 - a.** Notify Sandel of nonconforming product immediately upon discovery.
 - b.** Obtain Sandel's written approval for nonconforming product disposition.
 - c.** Notify Sandel of changes in product and/or processes, changes of suppliers and changes of manufacturing locations.
 - d.** Flow down to the supply chain the applicable requirements including customer requirements.
- 8.** Supplier is required to retain all records associated with the purchase order for a minimum of _____ years.
- 9.** Sandel reserves the right of access by Sandel's representatives, our customers, and any regulatory authorities to the applicable areas of all facilities, at any level of the supply chain involved in the order and to all applicable records.
- 10.** Invoices must have exact price and terms or authorization for changes and must be received from Sandel in writing prior to shipping.
- 11.** Any goods or materials not in accordance with specifications will be rejected and held at the Supplier's risk while awaiting disposition. Supplier is responsible for any freight or delivery costs incurred on rejected goods or materials.
- 12.** Time of delivery and time of performance by Supplier is of the essence. Sandel reserves the right, to cancel all or part of any purchase order if it is not received within the time specified without penalty.
- 13.** Packing slips, Certificates of Conformance, process certifications and/or test results (if requested) must accompany all shipments.
- 14.** By acceptance of any purchase order, Supplier warrants that: that all work and services relating to this purchase order will be done in a safe, proper, and workmanlike manner and in compliance with all applicable codes, regulations, laws, standards and specifications concerning safety, performance, and otherwise and, without limitation, including work and services on or to premises controlled by Sandel and to or with

property or parts of Sandel; that all materials and goods shipped under the purchase order complies with all applicable codes, regulations, laws and standards; that Supplier shall have good and marketable title to such materials and goods free and clear of any liens and encumbrances; and such materials and goods do not infringe on any patent, copyright, or other intellectual property right of any third party. Supplier further warrants that all such materials and goods shall be free from defects in materials and workmanship and shall be in conformity with the requirements of the purchase order. Sandel's approval of Supplier's design or acceptance of such materials and goods shall not be construed to relieve Supplier of these warranties and such warranties shall survive the acceptance of such materials and goods. Said warranties shall be in addition to, and not in limitation or replacement of any warranties of additional scope given by Supplier to Sandel and any warranties that may exist as a matter of law. Any remedies specified in the purchase order or these terms and conditions shall be in addition to, and shall not be in lieu of or otherwise limit, any remedy which Sandel may have under applicable law, including (without limitation) claims for damages.

- 15.** Sandel shall have the right at anytime prior to the complete delivery of the materials or goods to make changes therein and changes in packaging, time, place and schedule of delivery and method of transportation and Supplier agrees to accept such changes. If any such changes cause an increase or decrease in cost or the time required for performance, and an itemized claim for adjustment is made within thirty (30) days of the notice of change, and equitable adjustment will be made and this agreement modified in writing in accordance with these terms and conditions.
- 16.** Sandel has the right to terminate this purchase order for convenience, in whole or in part, at any time upon written notice to Supplier. Unless such termination is due to default of Supplier or failure of Supplier to assure adequate performance, Sandel shall pay Supplier on a pro rata basis for work completed as of the date of termination and upon such payment all equipment, materials, work-in-progress, finished goods, drawings, information, special tooling, and other things for which Sandel has paid shall at Sandel's option become the property of Sandel and be released by Supplier to Sandel upon demand for pick-up and removal. The provisions of this clause are without prejudice to any

other rights or remedies of Sandel including those resulting from default by Supplier.

- 17.** Sandel shall have the right to cancel this purchase order, in whole or in part, if the goods or services are in Sandel's judgment non-conforming or defective or not delivered as scheduled, or if Supplier fails to comply with or fulfill any of the terms and conditions of the order with Sandel's shipping and billing instructions, or if in Sandel's opinion the credit or ability of Supplier to perform becomes impaired, whereupon Sandel shall have the continuing right to obtain the goods or services ordered from another source with any resulting increase in cost thereof charged to and paid by Supplier, all without prejudice to any other rights or remedies of Sandel and in addition thereto.
- 18.** Sandel shall have the option of canceling undelivered orders in whole or part without penalty if the fulfillment of any terms or provisions of this purchase order is delayed or prevented or Sandel's business is interrupted by an excusing cause, including revolutions or other disorders, wars, acts of enemies, strikes, fires, floods, or acts of God. Without limiting any of the listed causes, the term "excusing causes" also includes any other cause not within the control of Sandel whose performance is interfered with that Sandel is unable to prevent by the exercise of reasonable diligence, whether it is one of the listed causes or not.
- 19.** Acceptance of any purchase order or shipment of any part of any purchase order will constitute Supplier's agreement to all of its specifications, including, but not limited to, terms, delivery, and prices. Any additional or different terms proposed by Supplier are rejected unless expressly assented to in writing by Sandel.
- 20.** Unless otherwise provided in the purchase order, title and risk of loss with respect to the materials and goods to be furnished pursuant to the purchase order shall remain with Supplier until actual delivery of the materials and goods to, and acceptance thereof by, Sandel at which time title and risk of loss will pass to Sandel.
- 21.** Supplier agrees to defend, indemnify and save harmless Sandel, its officers, agents, successors, assigns and customers against all claims, demands, damages, costs, expenses, attorneys' fees or liability of any kind which arise from, or are related in any way to: (i) the actual or

alleged infringement of any trade name, trademark, copyright or patent, or the misappropriation of any trade secrets or confidential information arising in connection with the possession, sale, or use of the materials and goods delivered, or services rendered to Sandel under the purchase order; (ii) injuries or damages to any person or property arising from the performance of services by Supplier for Sandel; (iii) the performance of or breach of the purchase order by Supplier or any agent or subcontractor of Supplier; and (iv) claims of third parties relating to or arising in connection with services performed and/or materials or goods delivered under the purchase order. This paragraph shall survive termination of the purchase order and acceptance or rejection by Sandel of the materials and/or goods under the purchase order.

- 22.** The parties agree that the purchase order, including these terms and conditions, together with any documents attached hereto or incorporated by reference, contain the complete and final agreement by Sandel and Supplier. The purchase order supersedes all prior understandings, agreements and negotiations between the parties with respect to the subject matter hereof.
- 23.** The purchase order may not be amended or otherwise modified except by a writing which is executed by Sandel. Any acknowledgment form or other document of Supplier containing terms and conditions shall not have the effect of modifying the terms and conditions of this purchase order, even if executed by Sandel, and such documents are hereby specifically rejected. Sandel shall consider a request by Supplier for an amendment only if such request is in writing and is directed to specific paragraphs or items in the purchase order. No such amendment will be binding on Sandel unless specifically accepted in writing by Sandel.
- 24.** No waiver of any right of Sandel under the purchase order or law shall be effective unless executed in writing by Sandel.
- 25.** The construction and performance of the purchase order shall be determined by the laws of the State of California.
- 26.** Sandel shall have the right to recover from Supplier all costs and expenses (including, but not limited to, attorneys' fees) incurred by Sandel in enforcing the provisions of the purchase order.

- 27.** No right or interest in this purchase order may be assigned by Supplier without the written permission of Sandel, and no delegation of any obligation owed by Supplier may be made without the written permission of Sandel. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes.
- 28.** Supplier agrees not to publicize the fact that Sandel has contracted with Supplier and not to disclose any details or other information about the order without Sandel's written permission. Unless otherwise known to the public, all information disclosed by Sandel to Supplier is confidential and proprietary and Supplier agrees that it shall not be disclosed or used except for the purpose of performing the purchase order. All things (such as drawings, documents, etc.) containing such information are the property of Sandel and are to be delivered to it upon demand. Supplier agrees that no information disclosed by it to Sandel shall be confidential unless due notice thereof is given in advance to and accepted by Sandel in writing.
- 29.** Supplier is and shall remain an independent contractor. No employee, agent, or representative of Supplier or its subcontractors shall be deemed to be an employee of Sandel. Supplier shall provide all safeguards and take all necessary precautions in connection with work and services performed by or for it relating to this purchase order to prevent the occurrence of any accident, injury, death, loss, or damage to any person or property and shall be solely responsible therefor.
- 30.** In no event shall Sandel be liable for consequential, incidental, or special damages of any kind or for damages in excess of the price allowable to the portion of the materials, goods or services on which the claim is based. Action on any claim against Sandel must commence within one year after the cause of action has accrued.