

STANDARD EMW, INC PURCHASE ORDER TERMS

1. ENTIRE AGREEMENT.

The specifications, terms and conditions of this Purchase Order (Order) constitute the entire agreement and understanding between the parties pertaining to the subject matter hereof; however, if this Order is issued as a result of a Subcontract or Basic Ordering Agreement (identified on the front of this Order) between **EMW** and the **SELLER**, then the specifications, terms and conditions of that Subcontract or Basic Ordering Agreement shall take precedence over the terms and conditions of this Purchase Order .

2. ACCEPTANCE.

A. This Order constitutes **EMW's** offer to **SELLER** and becomes a binding contract subject to the terms and conditions set forth herein when accepted by **SELLER's** acknowledgment or commencement of performance. This Order can be accepted only on the exact terms and conditions set forth herein (including the acceptance modes specified in the immediately preceding sentence) and no terms or conditions stated by **SELLER** in accepting this Order which in any manner conflict with, are inconsistent with, or are in addition to those set forth herein shall become a part of or in any way after such contract. This Order is not a firm offer and may be changed or revoked any time prior to acceptance.

B. No agent of **EMW** is authorized to bind **EMW** except by this Order. No interpretation, change, termination or waiver of any of the specifications, terms or conditions hereof shall be binding upon either party unless in writing and signed by the duly authorized officer of that party. No waiver of any specification, term or condition of or default under this Order shall affect the right of any party thereafter to enforce said specification, term or condition or any other specification, term or condition hereof or to exercise any right or remedy in the event of any other default, whether or not similar. The invalidity of any specification, term or condition of this Order shall not affect the validity of any other specification, term or condition.

C. The term "**goods**" means all items, articles, materials, apparatus, equipment, labor, work, services and operations of **SELLER** specified, listed, mentioned, scheduled or implied in this Order, plus any releases against or revisions thereof.

3. CHANGES.

A. **EMW** may, at any time, by written change order, suspend performance of this Order, in whole or in part, make changes in the drawings, designs, specifications, method of shipment or packing, or time or place of delivery of the Goods, reschedule the Services, or require additional or diminished Services. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this Order, an equitable adjustment shall be made in the contract price or delivery dates or both, and this Order shall be modified in writing accordingly. Any claim for adjustment under this clause may, at **EMW's** option, be deemed to be absolutely and unconditionally waived unless asserted in writing (including the amount of the claim) and delivered to **EMW** within seven (7) days from the date of receipt by **SELLER** of the change order. If the cost of property made obsolete or excess as a result of a change is paid by **EMW**, **EMW** may prescribe the manner of disposition of such property.

B. **EMW's** engineering and technical personnel are not authorized to change the goods ordered or any other provision of this Order. No change order will be binding on **EMW** unless issued by an authorized representative of **EMW**.

Nothing in this clause shall excuse **SELLER** from proceeding with the Order as changed.

4. TIME, DELIVERY AND EXPEDITING.

A. **SELLER** is to include with each shipment all necessary documents to ensure prompt delivery to **EMW**. **SELLER** shall deliver the goods, in the quantities and within the time or times in accordance with the specifications (and any sample or model approved by **EMW**) at the prices specified on the Purchase Order or in any document attached hereto or referred herein.

B. Failure of **SELLER** to comply with such requirements shall entitle **EMW**, in addition to any other rights or remedies, to cancel this order and be relieved of all liability for any undelivered portion. Any failure by **EMW** to exercise its remedies with respect to any installment shall not be deemed to constitute a waiver with respect to subsequent installments.

C. **SELLER** shall not unreasonably anticipate delivery by purchasing materials or manufacturing quantities in excess of what is reasonably required to meet **EMW's** delivery schedule. Goods received in advance of **EMW's** delivery schedule may, at **EMW's** option, be returned at **SELLER's** expense or be accepted and payment withheld until the scheduled delivery date.

5. TITLE, ABSOLUTE OWNERSHIP, AND RISK OF LOSS.

A. Unless otherwise specified in the Order, and notwithstanding any agreement to pay freight, express or other transportation charges, title to, and risk of loss of or damages to the Goods shall not pass to **EMW** until they actually have been received and accepted by **EMW** or its customers at the destination indicated in this Order.

B. The price indicated in this Order is for (i) all rights, title and interest in and to the Goods described in that section, including, without limitation, any photographs, illustrations, musical compositions, designs or similar items described therein; and (ii) the right to use the said Goods for all purposes, on a world-wide basis, forever.

C. Insofar as the Goods are copyrightable, **SELLER** hereby assigns and transfers to **EMW** all of its rights, title and interest in and to the copyright for the full term of copyright (including renewals) in all countries of the world.

6. INSPECTION.

A. All items covered by this Order may be inspected and tested by **EMW**, its customers, higher tier contractors, at all reasonable times and places. If such inspection or testing is made on **SELLER's** premises, **SELLER** shall provide, without additional charge, all reasonable facilities and assistance for such inspections and tests. In its internal inspection and testing of the Goods, **SELLER** shall, if required by **EMW**, use an inspection system accepted by **EMW** in writing. All inspection records relating to the Goods shall be available to **EMW** during the performance of this Order, and for such longer periods specified by **EMW** in its acceptance of the inspection system, if any.

B. Final inspection and acceptance by **EMW** shall be at destination unless otherwise specified in this Order. Such inspection shall be in accordance with the customary established inspection procedures of the location of **EMW** where the items are received. If rejection of a shipment would result from **EMW's** normal inspection level under such procedures, **EMW** may, at its option, conduct an above

STANDARD EMW, INC PURCHASE ORDER TERMS

normal level of inspection up to 100% inspection and charge the **SELLER** the reasonable costs thereof.

C. No inspection (including source inspection), tests, approval (including design approval), or acceptance of the items shall relieve **SELLER** from responsibility for any defects in the items or other failures to meet the requirements of this Order, or for latent defects, fraud, such gross mistakes as amount to fraud, or **SELLER's** warranty obligations. If the items are defective or otherwise not in conformity with the requirements of this Order, EMW may, by written notice to **SELLER**: (i) rescind this Order as to such items; (ii) accept such items at an equitable reduction in price; or (iii) reject such items and require the delivery of replacements or re-performance. If **SELLER** fails to deliver required replacements or re-perform promptly, **EMW** may: (i) replace or correct such items and charge the **SELLER** the cost thereof (including cover and any incidental costs); or (ii) terminate this Order for cause. Rights granted to **EMW** under this clause are in addition to any other rights or remedies provided elsewhere in this Order or in law.

7. STOP WORK ORDER.

A. **EMW** may require **SELLER** to stop all or part of the work called for by the Order and **SELLER** will immediately comply and take necessary steps to minimize its costs incurred in the performance of the Order. Within ninety (90) days after the Stop Work Order is issued, **EMW** shall either (i) cancel the Stop Work Order and **SELLER** will resume performance, or (ii) terminate the Order in accordance with these terms and conditions.

B. If the Stop Work Order is canceled or expires, **EMW** shall equitably adjust the price and delivery schedule, as appropriate, to compensate **SELLER** for increased costs incurred provided a claim is submitted within thirty (30) days substantiated by records made available to **EMW**.

8. TERMINATION-SUSPENSION.

A. **EMW** may, at any time, terminate this Order in whole or in part or suspend, delay or interrupt all or any part of the Work hereunder by written notice or verbal notice confirmed in writing. If **EMW** terminates for convenience, **EMW** will reimburse **SELLER** those costs not in excess of the Order price which were previously incurred by **SELLER** in good faith in connection with the Work including a reasonable allowance for overhead and profit.

B. Except for circumstances beyond the reasonable control of **EMW**, if the Work is suspended, delayed or interrupted by **EMW** and if **SELLER** is authorized by **EMW** to resume the Work, an equitable adjustment will be made to the Contract price and/or completion schedule.

9. DEFAULT.

A. If **SELLER** persistently or repeatedly refuses or fails to meet production progress deadlines; fails to approach the Work with promptness and diligence (except in cases for which an extension of time is provided herein); causes by any action or omission the stoppage or delay of or interference with the Work; fails to make timely payment for any goods or services used in the Work; causes any liens or encumbrances to arise out of this Order; is adjudged as bankrupt, or makes a general assignment for the benefit of creditors, or becomes insolvent or a receiver shall have been appointed for **SELLER** or its assets, or reorganization or arrangement proceedings with respect to **SELLER** shall have been instituted; fails to perform or observe any term, condition or provision of this Order and such failure

continues uncured after written notice thereof to **SELLER** by **EMW**; or otherwise acts or fails to act in a manner that materially endangers timely and satisfactory performance of the work; **EMW** may on written notice to **SELLER** terminate this Order, and in addition, for the purpose of completing the Work require the **SELLER** to deliver to **EMW** any and all components of the Work and employ any other person, persons, or means to finish the Work and the **SELLER** shall be liable to **EMW** for any excess costs.

B. In the event of such termination, **SELLER** shall not be entitled to receive further payment until the Work is finished. If the unpaid balance of the Order price exceeds the expense of finishing the Work, including compensation for additional managerial, legal and administrative services, such excess shall be paid to **SELLER**.

C. In addition to its rights as stated in this clause, **EMW** may pursue simultaneously any other remedy permitted by law or in equity.

10. WARRANTIES.

A. **SELLER** warrants that all materials or services delivered hereunder are free from defects in materials and workmanship and conform strictly to the specifications, drawings or samples specified or furnished to **SELLER**. To the extent that such materials or services are not furnished pursuant to design furnished by **EMW**, they will be free from defects in design suitable for their intended purposes and free from any industrial property rights.

B. If the goods, parts or materials ordered are to be manufactured or supplied in accordance with drawings and specifications which are furnished by **EMW** and which are not based on drawings or specifications of **SELLER**, or upon **SELLER's** design, **SELLER** agrees to grant and hereby does grant to **EMW**, a nonexclusive fully paid-up and irrevocable license to make, have made, use and sell any improvement in the goods, parts and the materials, which is made or introduced by **SELLER** in its work hereunder.

C. These warranties shall survive any inspection, delivery, acceptance, payment or use by **EMW** or its customers of the materials or services and shall go to **EMW**, its successors, assigns, customers and users of its products.

D. **SELLER** shall defend, indemnify, and hold harmless **EMW**, its successors, assigns, customers, and users of its products against any and all loss, injury and damage suffered by any of them and against any and all suits, proceedings of law or in equity and any and all liability for losses, injuries and damages, including all reasonable attorneys' fees, arising out of or in connection with any claim by any person, firm or organization, including **EMW**, its successors, assigns, customers, and users of its products, that the material or services furnished by **SELLER** are or were defective, infringing or injurious in any manner. **SELLER** shall be liable for all indirect, incidental, special, and consequential damages.

11. EMW'S PROPERTY.

All material, including tools, special tooling, or machines, furnished or specifically paid for by **EMW** or its Customer, shall be the property of **EMW** or its Customer, shall be subject to removal at all times without additional cost upon demand by **EMW** or its Customer, shall be used only in filling orders from **EMW** or its Customer, shall be kept separate from other materials or tools, shall be clearly identified as the property of **EMW** or its Customer, shall, at no additional cost to **EMW** or

STANDARD EMW, INC PURCHASE ORDER TERMS

its Customer, be insured by the **SELLER** with loss payable to **EMW** or its Customer and shall be kept confidential and returned to **EMW** or its Customer at the termination of this Order. **SELLER** assumes liability for all loss or damage, excepting normal wear and tear to such materials, and agrees to supply detailed statements on the material as requested by **EMW** or its Customer.

12. INFORMATION.

Unless otherwise agreed in writing between the parties (i) any designs, drawings, specifications, or other manufacturing information furnished by **EMW** to **SELLER** shall be deemed to be confidential to **EMW** and to have been furnished solely for the performance of this Order and all copies of such information shall be returned to **EMW** upon completion of the same, but (ii) any designs, drawings, specifications, or other manufacturing information delivered by **SELLER** to **EMW** may be used for any purpose whatsoever. The foregoing shall apply notwithstanding the presence or absence of any contrary legend or statement on any of such information.

13. INFRINGEMENT OF PROPRIETARY RIGHTS.

A. To the extent that the goods supplied under this Order are not manufactured to detailed designs and specifications originated and furnished by **EMW**, **SELLER** represents and warrants that the sale or use of such goods will not infringe any United States or foreign patent, copyright, trademark, industrial design right or other proprietary right.

B. **SELLER** shall indemnify, defend and hold **EMW**, its successors, assigns, shareholders, officers, directors, employees, agents, customers and those persons selling or using any of **EMW's** products and any affiliated company of **EMW**, its shareholders, officers, directors, employees, agents and customers, harmless from and against any damage, liability, claims, loss, costs, expenses and fees (including reasonable attorneys' fees) which may be incurred on account of infringement or alleged infringement of any United States or foreign patent, copyright, trademark, industrial design right or other proprietary right by the goods or use of the goods supplied under this Order.

C. **EMW** shall have the right to employ counsel separate from counsel employed by **SELLER** in any proceeding from which **EMW** may be indemnified by **SELLER** and to participate in the defense thereof, but the expense of such counsel employed by **EMW** shall be borne by **EMW** unless **SELLER** has failed to assume the defense of **EMW** or employ satisfactory counsel. **SELLER** shall reimburse **EMW** on an on-going, periodic basis for all fees, costs, and expenses incurred by **EMW** promptly after submission of statements of expenses of **EMW** during the pendency of any such proceeding.

D. In addition to all other rights and remedies **EMW** has at law, at equity or under this Order, in the event **EMW**, its customers or anyone selling or using **EMW's** products are enjoined from the use, sale or other disposition of the goods, conditionally or otherwise, **SELLER** shall, at no additional cost to **EMW**, repurchase the goods at their purchase price and/or **EMW's** products at their purchase price, and repay all costs of all shipments of such goods and products incurred by **EMW**.

14. TECHNICAL INFORMATION DISCLOSED TO EMW.

SELLER agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information, which **SELLER** shall have disclosed or may

hereafter disclose to **EMW** in connection with the goods or services covered by this Order.

15. PRICE AND PAYMENT.

A. **SELLER's** prices shall not be higher than last quoted or charged to **EMW** or stated on the reverse side hereof unless otherwise agreed to in writing by an authorized agent of **EMW**. No charges by **SELLER** will be allowed for transportation, boxing, crating, or other packaging unless agreed to herein.

B. The price quoted herein includes an allowance for all taxes levied by any government or authority which the **SELLER** is required to pay or collect with respect to production, sale, or shipment of the ordered materials. In case of new taxes or the reduction of tax rates, the **EMW** should be informed of such changes, and the contract price shall be adjusted accordingly.

C. **EMW** shall not be obliged to pay for goods, parts, or material upon their delivery, but shall have the right to make payment for goods, parts, and materials delivered in the normal course of its business; any payment made for goods, parts, and materials delivered shall be without prejudice in the event of any defect in the goods and services performed or breach of contract, whether known before or after payment. **EMW** shall also have the option to withhold payment for goods, parts, and materials, and services found upon inspection for use to be defective or for **SELLER's** breach of contract.

16. ASSIGNMENT AND SET-OFF.

SELLER shall not assign this Order or any monies due or to become due hereunder or subcontract any work hereunder without **EMW's** prior written consent. Any assignment or subcontract or attempted assignment or subcontract made without such consent shall be void as to **EMW**. Any assignment of monies due or which may become due hereunder, and any claim by **EMW** hereunder, shall be subject to deduction, set-off, recoupment or other lawful means of enforcing any present or future claims which **EMW** or any of its subsidiaries or affiliates may have against **SELLER**.

17. INDEMNITY.

SELLER shall defend, protect, indemnify and hold harmless **EMW**, its customers and users from all liability, loss, damage, cost or expense, including reasonable attorneys' fees, paid or incurred by reason of the breach or claim of breach of any or all of the specifications, terms and conditions under this Order. Without limitation of the foregoing, **SELLER** accepts full responsibility for and shall similarly indemnify **EMW** against (a) any claims by employees of **SELLER** or its agents arising in connection with the Workmen's Compensation Act or any employer's liability insurance; (b) public liability claims and any other claims or liability from injuries or damages to any employee of **SELLER** or its agents or other person or property arising from or in connection with work under this Order or otherwise performed on the premises of the **EMW** or its customer; (c) any claims or liability to any other persons caused by the fault or negligence of the **SELLER**, its agents or employees, or arising out of defects in the Goods or Services; and (d) the payment of any and all contributions of taxes for unemployment insurance or old age pensions and annuities now or hereafter imposed by the Government of the United States or any state or territory thereof for employees of **SELLER** or its agents.

18. LIENS.

STANDARD EMW, INC PURCHASE ORDER TERMS

SELLER shall take such action as is permitted or required by law to prevent any lien from attaching to **EMW'S** property arising from the performance of this Order. At the time of each payment herein provided for **SELLER** shall deliver to **EMW** receipts or releases and waivers of all liens arising from material furnished or labor done under this Order up to the time of such payment or payments. Neither the final payment nor any part of the retained percentage shall become due until **SELLER** shall deliver to **EMW** a complete release of all liens arising out of this Order or receipts in full in lieu thereof and an affidavit stating that to the extent that **SELLER** has knowledge or information the release or receipts include all labor and materials for which a lien could be filed.

19. WAIVER.

The failure of **EMW** to insist upon the performance of any provision of this Order, or to exercise any right or privilege granted to the **EMW** under this Order, shall not be construed as waiving such provision or any other provision of this Order, and the same shall continue in full force and effect. If any provision of this Order is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the other provisions of this Order shall not be affected thereby, and shall remain in full force and effect.

20. COMPLIANCE WITH LAWS.

A. **SELLER** shall comply with all federal, state, and local laws, ordinances, rules, and regulations in the manufacture and sale of the Goods and performance of the Services. **SELLER** will defend and hold **EMW** harmless from any loss, damages, or costs arising from or caused in any way by any actual or alleged violation of any federal, state, or local law, ordinance, rule, or regulation.

B. THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS CONTRACT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF VIRGINIA. Except as modified herein, the provisions of the U.C.C. as adopted in Virginia are hereby incorporated herein.

21. INDEPENDENT CONTRACTOR.

SELLER shall provide the ordered goods and furnish all labor in connection therewith, at its sole risk and account, and shall assume full responsibility therefor. Nothing in this Order shall be deemed to constitute **SELLER**, or any of its employees, as an agent, representative or employee of **EMW** and at all times **SELLER** shall be an independent **SELLER**.

22. SUBCONTRACTS UNDER GOVERNMENT CONTRACTS.

When the goods to be delivered or performed hereunder are for the purpose of enabling **EMW** to perform a government contract or subcontract thereunder, the **SELLER** shall comply with all applicable provisions listed below or attached and incorporated herein and made a part of this Order.

The below-listed provisions, in effect at the date of this Order, are applicable regardless of the dollar value of this Order.

<u>FAR CITE</u>	<u>TITLE</u>
52.222-26	EQUAL OPPORTUNITY
52.222-35	AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA
52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES
52.223-6	SUSTANCE ABUSE TESTING REQUIRED

52.232-7	PAYMENTS UNDER TIME-AND-MATERIALS AND LABOR-HOUR CONTRACTS (as required)
52.232-22	LIMITATION OF FUNDS (as required)
52.233-1	DISPUTES
52.247-64	PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS
52.252-2	CLAUSES INCORPORATED BY REFERENCE

The below-listed provisions, in effect at the date of this Order, are applicable if the dollar value of this Order is greater than \$2,500.

<u>FAR CITE</u>	<u>TITLE</u>
52.222-41	SERVICE CONTRACT ACT OF 1965, AS AMENDED
52.222-44	FAIR LABOR STANDARDS ACT AND SERVICE CONTRACT ACT - PRICE ADJUSTMENT
52.225-11	BUY AMERICA ACT - BALANCE OF PAYMENTS PROGRAM - CONSTRUCTION MATERIALS UNDER TRADE AGREEMENTS

The below-listed provisions, in effect at the date of this Order, are applicable if the dollar value of this Order is greater than \$10,000.

<u>FAR CITE</u>	<u>TITLE</u>
52.222-21	PROHIBITION OF SEGREGATED FACILITIES
52.222-37	EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA

The below-listed provisions, in effect at the date of this Order, are applicable if the dollar value of this Order is greater than \$25,000.

<u>FAR CITE</u>	<u>TITLE</u>
52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED OR PROPOSED FOR DEBARMENT

The below-listed provisions, in effect at the date of this Order, are applicable if the dollar value of this Order is greater than \$100,000.

<u>FAR CITE</u>	<u>TITLE</u>
52.203-6	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT
52.203-7	ANTI-KICKBACK PROCEDURES
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
52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS
52.215-2	AUDIT AND RECORDS - NEGOTIATION
52.215-14	INTEGRITY OF UNIT PRICES
52.222-4	CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION
52.223-1	CLEAN AIR AND WATER CERTIFICATION
52.223-2	CLEAN AIR AND WATER
52.223-14	TOXIC CHEMICAL RELEASE REPORTING
52.227-1	AUTHORIZATION AND CONSENT
52.227-2	NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT

STANDARD EMW, INC PURCHASE ORDER TERMS

52.228-5	INSURANCE - WORK ON A GOVERNMENT INSTALLATION
52.248-1	VALUE ENGINEERING
52.249-2	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE)
52.249-6	TERMINATION (COST REIMBURSEMENT)
52.249-8	DEFAULT (FIXED-PRICE SUPPLY AND SERVICE)
52.249-14	EXCUSABLE DELAYS

<u>DFARS CITE</u>	<u>TITLE</u>
252.203-7001	PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE CONTRACT-RELATED FELONIES
252.209-7001	DISCLOSURE OF OWNERSHIP OR CONTROL BY THE GOVERNMENT OF A TERRORIST COUNTR
252.225-7014	PREFERENCE FOR DOMESTIC SPECIALITY METALS
252.247-7023	TRANSPORTATION OF SUPPLIES BY SEA
252.247-7024	NOTIFICATION BY TRANSPORTATION OF SUPPLIES BY SEA

The below-listed provisions, in effect at the date of this Order, are applicable if the dollar value of this Order is greater than \$500,000.

<u>FAR CITE</u>	<u>TITLE</u>
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
52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS
52.219-9	SMALL BUSINESS SUBCONTRACTING PLAN
52.230-2	COST ACCOUNTING STANDARDS
52.230-3	DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES
52.230-6	ADMINISTRATION OF COST ACCOUNTING STANDARDS