

TERMS AND CONDITIONS OF PURCHASE

1. The terms and conditions stated in the Purchase Order shall constitute the entire contract between the parties hereto and no modification thereof will be binding upon Phoenix unless made in writing and signed by its authorized representative. Failure of Phoenix to insist upon strict performance of any terms and conditions herein shall not be deemed a waiver of any right or remedies that Phoenix shall have or of any subsequent default hereunder. Shipping or receiving of any articles under this purchase order shall not be deemed, or be a waiver of any right for any failure by Vendor to comply with any of the provisions of this Purchase Order.
2. Material must be furnished at prices shown on Phoenix's Purchase Order or as previously applied on Phoenix's last order; otherwise revised quotations must be accepted by Phoenix prior to shipment. Where duplicate copies of this order are sent to the Vendor, Vendor will sign and return one copy.
3. Phoenix's count will be final on all shipments not accompanied by packing ticket. Phoenix reserves the option to accept or reject any over shipment of goods; those rejected will be returned at Vendor's expense. Separate invoices must be issued for shipments applying against different Purchase Orders. Phoenix's order number, item, and part number and Vendors packing slip number will appear on each invoice, package and bill of lading. No charge will be allowed for transportation, boxing, crating or other packaging except as provided in this order. Property shipped via water route should be insured by vendor in Phoenix's interest against loss by shipper.
4. (a) Vendor agrees that all tooling, the price of which is itemized separately herein, shall become the property of Phoenix upon payment. Invoices shall be submitted for tooling after acceptance by Phoenix of sample or production parts for which the tooling was ordered. Such tooling shall be maintained in good condition and marked to permit accurate identification of same.

(b) No design, tools, patents, drawing or other information supplied by Phoenix to Vendor for use in the manufacture of the articles contracted for herein, or which shall become the property of Phoenix under (a) herein, shall be used in the production, manufacture or design of any other articles for any other purchaser. Nor for the manufacture or production of larger quantities than those specified except with the express consent in writing of Phoenix, and at the termination of this purchase order they shall be disposed of as Phoenix shall direct. Vendor agrees to maintain the confidentiality of such design, tool, patents and drawings and acknowledges and agrees that such matters constitute trade secrets of Phoenix.
5. Phoenix reserves the right to cancel this Purchase Order and reject and return goods at Vendor's expense if deliveries are not made in accordance with the delivery schedule specified. In case of default due to unforeseeable causes beyond Vendor's control and without its fault or negligence, the Vendor shall promptly upon the beginning of such cause notify Phoenix in writing thereof. Phoenix shall grant an extension of time when, in its opinion, the facts justify such action, but such extension shall be effective only if evidenced in writing by Phoenix. Vendor shall be liable for all damage incurred by Phoenix directly or indirectly resulting from Vendor's breach of this or any other provision of this Purchase Order. Phoenix reserves the right to terminate this purchase order or any part thereof at any time by written or telegraphic notice to Vendor. Upon such termination for any reason other than default or delay as provided herein, an equitable adjustment to the Vendor will be made.
6. Vendor expressly warrants that all articles, materials, parts and work covered by this purchase order will conform to the specifications, drawings, samples, or other description furnished or adopted by Phoenix and will be merchantable, of good workmanship and material, free from defect, are fit for their intended use. Such warranties shall survive inspection, test and acceptance. All material and workmanship shall be subject to inspection, test and count by Phoenix, the U.S. Government, (if applicable) or the prime contractor of the U.S. Government, (if applicable), at all times and places whether during or after manufacture. If any of the articles shall

be defective in material or workmanship, or otherwise not in conformity with the requirements of this Purchase Order. Phoenix, in addition to its other rights, may reject the same for full credit or require prompt correction or replacement thereof at Vendor's expense, including transportation charges.

7. In connection with the goods or services provided by Vendor pursuant to this purchase order, the Vendor agrees to comply with all applicable Federal, State, and local laws, rules, regulations, and requirements and to indemnify Phoenix against liability for Vendor's failure so to comply.
8. The prices for the articles include all federal, state and local taxes from which the Vendor cannot obtain exemption. The amounts of any such taxes shall be shown separately on Vendors invoice.
9. The laws of the State of Illinois shall govern the rights of the parties hereto as well as the construction and effect to be given to every provision hereof.
10. Vendor warrants that the articles will be produced in compliance with the Fair Labor Standards Act of 1983, as amended. All invoices must carry the following certificate in order to be paid:
'Vendor represents that, with respect to the production of the articles and/or the performance of the services covered by this invoice, it has fully complied with all applicable provisions of the Fair Labor Standards Act of 1983. Vendor also agrees to comply with all laws restraining the employment or use by Vendor of any convict labor.
11. This Purchase Order may not be assigned or subcontracted in whole or in part nor may any assignment of any money due or to become due hereunder be made by Vendor without, in each case, Phoenix's prior written consent. Payment to an assignee of any Claim under this purchase order shall be subject to Set Off or Recoupment of any present or future claim or claims which Phoenix may have against Vendor.
12. Phoenix may, by a written order, change, add to or decrease the work to be done or materials to be furnished hereunder. An equitable adjustment of the price shall be made if justified by such changes. Any claims by Vendor for such adjustment must be asserted within 30 days from the date of notice of such change. No change shall excuse Vendor from diligently proceeding with the work.
13. Vendor agrees to protect, indemnify, and hold harmless Phoenix, its successors, assigns, customers and users of its products, from patent liability of any nature or kind, including cost and expenses, including attorney's fees, resulting from any actual or alleged infringement of United States letters patent (except patents owned or controlled by Phoenix) by any thing, material, design, composition or fabrication supplied by Vendor under this Purchase Order, provided that this section is not, and shall not be construed to be applicable to any infringement of United States letters patent which results from the Vendor complying with specific written instructions furnished by Phoenix.
14. (a) Vendor agrees to provide a certificate of origin of the articles and materials covered by this Purchase Order, stating the country of origin when requested.

(b) Vendor agrees to protect, indemnify and hold harmless Phoenix, its successors, assigns, customer, and user of its products, from United States or foreign Custom fees, actions, or penalties arising from any inaccuracy or misrepresentation, regarding the country of origin of the articles and materials covered by this Purchase Order.
15. Vendor shall notify Phoenix immediately in the event Vendor files for bankruptcy protection, or becomes aware of a possible labor strike.
16. Seller shall comply fully with all applicable federal, state, municipal and local laws, orders and regulations, including without limitation applicable employment, tax, export control and

environmental laws, relating in any way to the production, manufacture, sale and delivery of the materials, including without limitation those affecting limiting prices, production, purchase, sale and use of materials.

17. Material Review Board (MRB) approval shall not be delegated by Vendor. Vendor is to notify Phoenix of any nonconforming products and obtain Phoenix approval prior to shipment. Vendor shall notify Phoenix of all changes in product including material and/or processes, changes of Vendors, changes of manufacturing facility location and obtain Phoenix approval prior to these changes. The Vendor agrees to flow down the substance of this agreement to its Vendors.
18. Vendor agrees to comply with all applicable U.S. export control laws and regulations, specifically including, by not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq.,; and the Export Administration Act, 50 U.S.C. app. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Vendor agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Vendors or Vendor's lower-tier Vendors, without authority of an export license, agreement or applicable exemption or exception.
19. Vendor agrees to notify Phoenix of the export classification of any deliverable under this Purchase Order that is restricted by export control laws or regulations.
20. Phoenix shall identify to Vendor, the export classification of technical information provided to the Vendor.
21. Vendor shall immediately notify Phoenix's Purchasing/Sales Representative if Vendor is, or becomes listed in any Denied parties List or if Vendor's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.
22. If Vendor is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Vendor represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.
23. If Vendor is not currently engaged in the business of either exporting or manufacturing defense articles or furnishing defense services, and Phoenix provides Vendor with technical data, controlled by the ITAR, Vendor agrees to register with the Office of Defense Trade Controls, as required by the ITAR, and maintain an effective export/import compliance program in accordance with the ITAR.
24. Vendor shall provide prompt notification to Phoenix's Purchasing/Sales Representative in the event of any violation or potential violation of the EAR or ITAR, and the initiation or existence of a U.S. Government investigation, that could affect the Vendor's performance under this Purchase Order.
25. Vendor shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorney's fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Vendor, its officers, employees, Vendors, agents, Vendors, or subcontractors at any tier in the performance of any of its obligations under Sections 16-24 hereinabove.