

Process: FIN.SAM.SUP.TC
Group: Finance
Approved: February 10, 2009

SUPPLIER TERMS AND CONDITIONS

20% OPTION

The total quantity of this purchase order may be increased during performance of said contracts, at the same price, but may not exceed 20% of the total quantity authorized.

BYRD AMENDMENT CLAUSE

The undersigned certifies, to the best of his or her knowledge and belief, that: No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress, or an employee or a member of congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress, or an employee of a member of congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form To Report Lobbying," in accordance with its instructions.

The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements).

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a pre- requisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code.

BUYER'S OBLIGATION

1. Seller is authorized to ship and bill against release only.
2. Seller may accept releases from, and ship to buyer's plants only as authorized herein. Delivery of, or services ordered by anyone other than specifically authorized herein shall be at seller's risk.
3. There will be no changes in pricing of this order unless authorized in writing by buyer.
4. Vendor to invoice each line item exactly as shown on purchase order/release to insure prompt payment. Invoice must show Vendor name, Purchase order number, release number, item number, part number and quantity shipped, and price.
5. The total amount obligated hereunder and available for payment is shown on the face of this order. Such amount may not be exceeded unless and until increased by buyer in writing. If at any time seller has reason to believe that said amount is insufficient to complete performance, seller shall promptly notify buyer.

CANCELLATION

HART reserves the right to cancel this purchase order at any time, upon thirty (30) days notice, written or verbal, prior to the date on which termination shall become effective, and/or immediately, with due cause. Verbal cancellations will always be followed by written confirmation of said cancellation.

COMMUNICATION

All communication regarding this purchase order should be directed to the HART buyer.

GOVERNMENT OWNED PROPERTY

Government-owned property in the possession of the suppliers/subcontractors shall be managed in accordance with INSTRUCTIONS FOR CONTROL OF GOVERNMENT-OWNED PROPERTY IN THE POSSESSION OF SUPPLIERS/SUBCONTRACTORS available on the HART website at <http://www.harttech.com/contact-us/index.htm> under the Procurement References section.

INSPECTION

Buyer (and if a Government contract number appears on the PO, the Government) shall have the right to inspect the goods supplied hereunder at any time during the manufacture or fabrication thereof at Seller's facilities or elsewhere. Such inspection may include, without limitation, raw materials, components, work in process, and completed products as well as drawings, specifications, and released data. Final inspection and acceptance shall be after delivery to the delivery point designated by Buyer. If any inspection or test is made by Buyer at Seller's facility or elsewhere, Seller shall provide reasonable facilities and assistance for the inspection personnel. Buyer may reject all goods supplied hereunder which are found to be defective. Goods so rejected may be returned to Seller at Seller's expense. No inspection, examination or test, regardless of extensiveness or type, and no approval given in connection with any such inspection, examination or test, whether by Buyer or the Government and whether under the Contract or another contract for the same or similar goods, shall relieve Seller, or be claimed by Seller to relieve it, of any obligation to comply fully with all requirements of the Contract, including the obligation to produce goods that conform to all requirements of the drawings, specifications and other Contract Documents. At Buyer's request, Seller shall repair or replace defective goods at Seller's expense.

Failure to inspect goods, failure to discover defects in goods or payment for goods shall not constitute acceptance or limit any of Buyer's rights, including without limitation those under the WARRANTY provisions of the Contract. In the event inspection reveals a defect or defects and schedule urgency requires that the defect or defects be corrected by Buyer to support production, all cost of such correction, including without limitation installation and removal, will be charged to Seller; such charges will also include time and material and appropriate indirect and overhead expenses.

Seller shall maintain an inspection system acceptable to Buyer covering the goods furnished hereunder. Seller shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. Seller will keep records evidencing inspections and their results and will make these records available to Buyer and the Government, where applicable, during contract performance and for three years after final payment.

MILITARY STANDARD PROCEDURE

Supplier shall furnish military standard hardware to the drawing revision level contained in the technical data package. If no revision level is specified, parts must be supplied to the latest revision level established by government agencies as of the date of this purchase order.

NO CHANGE CLAUSE

Seller shall make no change in design, materials, manufacturing location, manufacturing processes, or sources of supply, after buyer's acceptance of the first production test item or after acceptance of the first completed end item, without the written approval of the buyer.

For Electrical Components:

The **approval of the buyer** will **not** be required for the seller to make changes in the source of supply of component parts which are classified as "**Passive Components**" so long as such supply source changes do not affect form, fit, function, quality, reliability or safety of the end item.

NOT TO EXCEED ORDERS

Prices stated herein are ceiling prices subject to downward only adjustment resulting from buyer's or U.S. government's audit review of seller's cost and pricing data and subsequent final negotiation.

All other unit prices contained within the body of this purchase order are also not to exceed (NTE) ceiling prices subject to the same audit/negotiation and shall also be adjusted as required upon contract pricing definitization. Seller agrees to submit such data in form and detail acceptable to buyer not later than thirty (30) days from the date of this purchase order, pending final agreement of price. The amount allocated unless increased by the buyer in writing. Final price agreement will be set forth in a purchase order change hereto no later than 180 days from date hereof.

OVERSHIPMENT

Goods shall not be supplied in excess of quantities and shipping tolerances, if any, specified in the Contract. Seller shall be liable for handling charges and return shipment costs for any excess quantities, and unless Seller agrees to pay for such costs, the overshipped material will be retained by Buyer at no cost.

PACKAGING AND SHIPPING:

Packaging and packing of items to be delivered by Seller under the Contract shall insure safe arrival at their destination, secure lowest transportation cost, conform with requirements of common carriers and, in any event, comply with Buyer's minimum specifications set forth on the Purchase Order, and Government Packaging Instructions ASTM-D3951 (1998) (or the successor instructions current at the date of the Contract).

Unless this contract specifies otherwise, Seller will ship the Goods in accordance with the following instructions:

- (i) Shipments by Seller or its subcontractors must include packing sheets containing Buyer's contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections. A shipment containing hazardous and non hazardous materials must have separate packing sheets for the hazardous and nonhazardous materials. Seller shall not include vermiculite or other hazardous substance in any packing material included with the Goods. Items shipped on the same day will be consolidated on one bill of materials unless Buyer's Authorized Procurement Representative authorizes otherwise. The shipping documents will describe the goods according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents. Originals of all Government bills of lading will be surrendered to the origin carrier at the time of shipment.
- (ii) For material shipped F.O.B. origin, the Seller shall not insure and not declare a value except when transportation rates are based on "released value", in which instance the Seller shall annotate on the bill of lading the lowest released value provided in applicable tariffs.
- (iii) Seller will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g. box 1 of 2)

PURCHASE ORDER DELIVERY SCHEDULE

Purchase order delivery schedules must be strictly adhered to. Early/late and/or over/under shipments to scheduled deliveries will not be tolerated. Any deviation to this policy, unless authorized by HART Procurement Personnel, will result in material being returned at the supplier's expense. HART does not recognize any "Industry Shipping Tolerances".

PURCHASE ORDER INVOICE

Vendor to invoice each line item exactly as shown on Purchase Order/Release to insure prompt payment. Invoice must show: Vendor name, Purchase Order Number/Release, Line Item Number, Part Number, Quantity Shipped and Price.

PURCHASE ORDER TEXT

Purchaser agrees to purchase and seller agrees to furnish the supplies or services described below in accordance with the terms and conditions on the face hereof.

This is a rated order for national defense use, and you are required to follow all the provisions of the defense priorities and allocations system regulation (15 CFR Part 700). Supplier is required to place rated orders with sub-tier suppliers for items needed to fill this order.

PURCHASER/SELLER AGREEMENT

Purchaser agrees to purchase and seller agrees to furnish the supplies or services described below in accordance with the terms and conditions on the face hereof.

RECEIVING ACCEPTANCE RATE

HART suppliers are expected to make the necessary commitments to achieve and maintain a 100% acceptance rate.

SELLER NOTICE OF DISCREPANCIES

Seller shall immediately notify Buyer in writing when discrepancies in Seller's process or goods are discovered or suspected regarding Goods delivered or to be delivered under this contract.

TECHNICAL DATA (ELR)

Technical Data furnished by buyer to seller in order to facilitate seller's execution of this purchase order is governed by the U.S International Traffic in Arms Regulations (ITAR) section 124.13. Under no condition shall such data be exported (deemed or otherwise) outside of the USA.

Seller Hereby Agrees To:

1. Limit the use of the technical data to the manufacture of the defense articles required by the purchase order only: and
2. Prohibit the disclosure of the technical data to any other person except subcontractors within seller's country: and
3. Prohibit the acquisition of any rights in the technical data by any foreign person: and
4. Assure that any subcontract issued by seller to sub contractors within seller's country, in order to facilitate seller's execution of this purchase order. Include all six (6) limitations contained in this clause: and
5. Destroy or return to buyer all of the technical data provided by buyer pursuant to execution of this purchase order and upon fulfillment of its terms: and
6. Assure delivery of the defense articles manufactured by seller under the terms of this purchase order only to buyer in the U.S. or to an agency of the U.S. government.
7. Further more. Technical data which may be acquired or generated under this purchase order may require appropriate authorization from the Department of State office of Defense Trade Controls or Department of Commerce, office or Export Administration before it is released to a foreign person. Therefore, seller understands that if it is a foreign entity, it shall not disclose to any foreign person any technical data acquired under this purchase order until after notifying buyer and written authorization from the appropriate U.S. government agency is obtained.

TOXIC SUBSTANCE (TSCA)

TSCA compliance statements by accepting this award, the seller hereby certifies that all chemicals to be delivered under this purchase order comply with the requirements of the toxic substance control act (TSCA) 15 USCA 2601-2629.

WARRANTY

Seller warrants that goods ordered to specifications will conform thereto and to any drawings, samples, or other description furnished or adopted by Buyer, and will be fit and sufficient for the purpose intended;

and that all goods are merchantable, of good material and workmanship, and free from defect. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the goods and shall run to Buyer, its successors, assigns, customers at any tier, and ultimate user and joint users. Notices of any defects or nonconformity shall be given by the Buyer to the Seller within twelve (12) months after acceptance by ultimate user. The rights and remedies of the Buyer concerning latent defects shall exist indefinitely, and shall not be affected in anyway by any terms and conditions of this Contract, including this clause. Buyer may, at its option, and in addition to other remedies available at law, either (i) return for credit, (ii) require prompt correction or replacement of the defective or nonconforming goods, or (iii) have the defective items corrected or replaced at Seller's expense and deduct the cost thereof from any monies due Seller. The return to Seller of any defective or nonconforming goods and delivery to Buyer of any corrected or replaced goods shall be at Seller's expense. Goods required to be corrected or replaced shall be subject to the provision of this paragraph and the paragraph of this Contract Document entitled "inspection" in the same manner and to the same extent as goods originally delivered under this Contract. In addition to correcting or replacing any defective or nonconforming goods, Seller shall also reimburse Buyer for all costs and expenses incurred by Buyer in connection with inspection and discovery of the defects, identifying and correcting the cause of such defects and all other activities reasonably undertaken by Buyer to obtain conforming goods or attempting to obtain from the ultimate user a waiver to permit the defective goods to be used with all or part of the defective conditions.