

**W R SYSTEMS, LTD.**  
**TERMS AND CONDITIONS OF PURCHASE**

1. **DEFINITIONS.** As used herein, the following terms shall have the meanings set forth below, whether or not capitalized: (a) "Purchase Order", "Order" or "Subcontract" means this procurement; (b) "WRS" or "Buyer" or "Contractor" means the party purchasing the supplies; (c) "Seller" or "Subcontractor" means the party furnishing the supplies; (d) "Supplies" means what the Seller furnishes WRS under this order; (e) "Government" means the Government of the United States; (f) "Loss" means any or all of the following: claims, liabilities, damages, losses, costs, or expenses (including reasonable attorney's fees and expenses and other legal costs).

2. **ACCEPTANCE OF THIS PURCHASE ORDER.** This purchase order is not binding upon Buyer until accepted by Seller. Acceptance of all terms and conditions of this order is mandatory and shall take place at the election of Seller by commencing performance of this order or any part thereof. Each shipment received by Buyer from Seller shall be deemed to be only upon the terms and conditions contained in this Purchase Order, notwithstanding any terms and conditions that may be contained in any proposal, acknowledgment, invoice, or other form issued by Seller.

**SELLER IS URGED TO ONLY ACCEPT THIS ORDER AFTER READING IT IN FULL AND AGREEING TO ITS TERMS. IF SELLER DOES NOT AGREE TO ANY OF THE TERMS CONTAINED HEREIN SELLER SHOULD NOTIFY BUYER AND DECLINE THE ORDER.**

3. **RIGHTS IN WORK PRODUCT.** Unless otherwise provided herein, any items, tools, materials, data, software (source and object code) or other technical information developed or created by Seller in the performance of this order shall be deemed a "work made for hire" within the meaning of the laws of the United States and any similar laws of applicable jurisdictions, and shall be identified by Seller as the proprietary property of Buyer. Such property shall be used exclusively in the production of products and/or services required by the terms of this order, and shall be subject to disposition by Buyer at any and all times.

4. **WORK ON WRS OR ITS CUSTOMER'S PREMISES.** If Seller's work hereunder involves operations by Seller on Buyer's premises or any place where Buyer conducts operations, Seller shall take all necessary precautions to prevent the occurrence of any injury or damage to persons or property during the progress of such work.

5. **INSURANCE.** Seller shall maintain such Public Liability, Property Damage, and Employee's Liability and Compensation insurance as will protect Buyer from such risk of Loss and from any and all claims under any applicable law, statute, or regulation. Seller shall provide adequate proof of insurance prior to beginning work on Buyer's premises or any facility where Buyer conducts business operations.

6. **DELIVERY, TRANSPORTATION & PACKING.** Any delivery schedule made a part of this order is an important, material condition; time is of the essence of this order. Except as otherwise provided on the face of this order, transportation charges on goods sold FOB shipping point must be prepaid and invoiced to Buyer. Transportation charges on goods sold FOB destination must be prepaid in all cases. No insurance or premium transportation costs beyond the price listed in this order will be allowed. Risk of loss from any casualty to supplies ordered hereunder, regardless of cause, shall be Seller's responsibility until goods have been delivered in compliance with the terms agreed upon herein. If Seller does not comply with Buyer's delivery schedule, Buyer may, in addition to any other rights which Buyer may have, require delivery by fastest way, with any additional costs prepaid and absorbed by Seller. Seller shall be responsible for safe packing in conformity with carrier's tariff. Seller shall include an itemized packing list bearing the WRS Purchase Order number, description of items shipped, and any other information called for in this order. One copy of the packing list shall be placed in/on the shipping package, one copy shall be forwarded to Buyer, and one copy shall accompany Seller's invoice. If an amount for shipping charges is shown on the face of this order, it is recognized by both parties that said amount may be an estimate. If the actual charges for shipping will exceed the amount shown by more than 100% or \$100 (whichever is less), Seller should obtain prior approval from the Buyer prior to shipping.

7. **STOP-WORK ORDER.** Buyer may, at any time, by written notice to Seller, require Seller to stop all or part of the work or delivery of supplies for a period of up to 90 days. Upon receiving such notice, Seller shall immediately comply with its terms and take all reasonable steps to avoid incurring any additional costs associated with the stopped work. Buyer will, prior to the end of the stop work period, either cancel the stop work order or terminate this order in whole or in part. If a Stop-Work Order is issued, Buyer shall make an equitable adjustment to the delivery schedule and/or price, provided Seller requests such change within 15 days.

8. **PROPERTY.** The rights and obligations of Seller with respect to any property furnished by Buyer shall in no event be less than reasonable care. These rights and

obligations do not extend to risk of loss, wherein regardless of any provisions to the contrary Seller shall retain full risk of loss for any Buyer furnished property at all times. Upon order completion, Seller shall return all such property to Buyer in the same condition in which it was received, allowing for reasonable wear and tear, except to the extent that the property has been incorporated into supplies delivered under this order or consumed in the normal performance of work.

9. **DEFAULT.** Seller is in default upon occurrence of any one or more of the following: (a) Seller fails to make delivery of supplies or fails to perform the services within the time specified in this order; (b) Seller fails to perform in accordance with the provisions of this order; or (c) Seller so fails to make progress as to endanger performance of this order in accordance with its terms. In these cases, Buyer may, at its option and only in writing, provide a period within which Seller may cure its default prior to Buyer's terminating the order for default.

Buyer, by written notice to Seller, may terminate this order, in whole or in part, if Seller is in default. Upon such termination, Buyer may reprocure, upon such terms as it shall deem appropriate, supplies similar to those so terminated, in which case Seller shall continue performance of this order to the extent not terminated and shall be liable to Buyer for any excess cost for such similar supplies. As an alternate remedy, Buyer at its sole discretion, may elect (a) to extend the delivery schedule and/or (b) waive deficiencies in Seller's performance, in which case an equitable reduction in the Price shall be negotiated. If the failure to perform is the result of causes beyond the control of the Seller without fault or negligence, Seller shall not be liable for any excess costs for the failure to perform, unless the supplies or services to be furnished were obtainable from other sources in sufficient time to meet the required delivery schedule. The right and remedies of the Buyer provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by this order or by law or equity.

10. **INSPECTION AND ACCEPTANCE OF THE SUPPLIES.** If the delivered supplies fail in any respect to conform to this order, Buyer may reject the whole or any unit thereof. Buyer may reject supplies within a reasonable time (not less than 20 business days) after delivery. Acceptance does not of itself impair any other legal or equitable remedy for non-conformity. Acceptance may be revoked if it was made with the reasonable assumption that any non-conformity would be cured, the non-conformity was difficult to discover before acceptance, or is otherwise permitted by law or equity. Upon rejection, the Buyer at Seller's expense, and in addition to any other available recourse may: (a) correct or have Seller correct the nonconformity; (b) return such supplies (not to be replaced without suitable written authorization from Buyer); (c) have Seller exchange supplies on Buyer's schedule; (d) require the delivery of such supplies at a reduction in price that is equitable under the circumstances; or (e) terminate the order for default. In any event Seller shall be liable to Buyer for any increased costs occasioned to Buyer thereby.

11. **SET-OFFS.** Buyer may, at its election, set-off against any amounts payable to Seller hereunder (a) any undisputed claim or charge Buyer may have against Seller (b) any amounts due to Buyer from Seller or (c) any sum necessary to protect Buyer against any Loss due to the Seller's default.

12. **CHANGES.** Buyer shall have the right to make changes in this order. If any such change affects delivery or amount to be paid by Buyer, Seller shall notify Buyer immediately. Any claim for adjustment shall be submitted within 15 days from date of receipt by Seller of notification of change. No additional charge will be allowed unless authorized by Buyer in writing. Any change in this order shall be authorized only by a Change Order hereto duly executed by the Buyer.

13. **COMPLIANCE WITH LAWS.** Seller shall render all services and obligations required under this Purchase Order in accordance with the applicable provisions of federal, state and local laws, rules, executive orders and regulations which are in effect at the time such services are rendered or obligations discharged. Seller shall further provide certifications of such compliance and sufficient data to support such certifications upon request of Buyer.

14. **ASBESTOS CERTIFICATION.** Seller certifies that the supplies and/or packing do not contain materials containing hazardous asbestos.

15. **INVOICES AND PAYMENT TERMS.** Invoices shall be submitted in duplicate to the address shown on the face of this order. The invoice must contain the same Purchase Order number, description of supplies/services, quantity, and price as per the Purchase Order. No invoice will be honored unless the requisite information is furnished. Any Seller invoice discount period or net payment period shall begin when both the invoice and the supplies / services (conforming to technical requirements) have been received and accepted.

**W R SYSTEMS, LTD.**  
**TERMS AND CONDITIONS OF PURCHASE**

Any prepayments and/or deposits made by Buyer in conjunction with this order shall be immediately refunded by Seller: (a) in full in the event of Seller's default; (b) to the extent that the prepayment exceeds any amounts due from Buyer to Seller in the event that this order is terminated subject to a Stop Work Order.

**16. NON-DISCLOSURE.** Any proprietary and/or confidential information provided to Seller shall include (1) that identified on its face by Buyer, (2) any information related to Buyer's competitive position in the industry and reasonably clear from context to be confidential, or (3) any information related to Buyer employee personnel records. All such information shall remain property of Buyer. Such information shall be disposed of at any time in accordance with Buyer's written instructions, or returned to Buyer promptly upon completion of this order. Seller shall not reproduce the information in any form without express written authorization by Buyer. Seller shall keep information and data confidential and secret, and shall not now nor hereafter disclose such information to any person, firm, corporation, competitor of Buyer or Seller, or entity without the express written consent of Buyer. Information shall not be considered proprietary where such information: (i) is independently developed by Seller, (ii) lawfully received from another source, free of restriction and without breach of this order; (iii) which is, or becomes generally available to the public without breach of this order by Seller; or (iv) which, at the time of disclosure, was known to Seller free of restriction and so evidenced by a writing in his/her possession. Nothing contained in this order shall be construed as granting or conferring any rights by license or otherwise in any proprietary and/or confidential information disclosed to Seller. Any information provided to Buyer shall not be deemed proprietary or confidential except as specifically provided in a license made a part of this order or a separate non-disclosure agreement executed by Buyer. Unless specifically authorized in writing by Buyer, Seller shall not discuss or disclose this order with third parties to the order. These third parties include without limitation Buyer's customers, Buyer's other vendors, Seller's other customers, Seller's vendors, the general public, or the media.

**17. QUANTITIES AND CONFIGURATION.** It is Seller's responsibility to furnish the proper quantities, labor categories, equipment, and other items called for by this order. Any variations in quantity, equipment type, or other element of an item must be noted to Buyer at the time of delivery or before and will not be deemed acceptable without Buyer's prior written consent or written acceptance noting the variations. Buyer reserves the right to reject in whole or in part (or revoke acceptance if made without actual knowledge of the variation) any varied quantities, equipment type or other elements of items in this order. A variation in equipment includes without limitation equipment conforming to any specifications (including without limitation information on functional performance, material content, size, appearance, response times, etc.) referenced in this order, or, if none are referenced, those current as of the date of the order and available to the general public.

**18. PRICE.** The price of the supplies includes all applicable federal, state and local taxes, duties, fees or charges of any kind, unless otherwise provided in this order. Seller warrants that the prices, terms, warranties, and benefits contained in this order are comparable to or better than those offered to the Seller's most favored customers. No extra charges of any kind shall apply to this order.

**19. INSOLVENCY.** If Seller ceases to conduct its operations in the normal course of business (including without limitation the inability to meet its obligations as they mature), or if any proceeding under bankruptcy or insolvency laws is brought by or against Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by Seller, Buyer may terminate this order without liability, except for deliveries previously made or for supplies covered by this order then completed and subsequently delivered in accordance with the terms of the order, and Buyer shall have the right to produce and/or reprocur the balance of this order without liability. In addition, Seller shall, within ten days of a written request by Buyer, provide to Buyer any designs, specifications, assembly instructions, and/or source code necessary to permit Buyer to maintain the supplies. If any supplies provided by Seller under this clause are protected as intellectual property under any law or regulation (including without limitation patents, copyrights and trade secrets), Seller hereby grants to Buyer a fully paid-up, transferable world-wide license to use and copy the supplies provided and distribute the supplies as well as products derived therefrom. Should Seller require payment for the rights granted in this clause, such payment shall be set forth on the face of this order as a separate item and shall only be due and payable if Buyer invokes this clause. This clause's provisions are in addition to those contained elsewhere in this order.

**20. NOTICES.** All notices from Seller to Buyer, to be effective, must be in writing and delivered to the address of Buyers Purchasing Department indicated on this order.

**21. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION.** Seller certifies in connection with this procurement that the price(s) proposed have been arrived at independently, without consultation, communications, or agreement with any others for the purpose of restricting competition.

**22. DISPUTES.** Any dispute arising under this order that is not settled by arrangement between the parties may be settled by appropriate legal proceedings. Pending final resolution Seller shall proceed diligently with the performance of this order in accordance with the instructions of Buyer.

**23. ASSIGNMENTS / SUBCONTRACTING.** Neither this Purchase Order nor any interest herein may be assigned, in whole or in part, by Seller without the prior written consent of Buyer. Notwithstanding the above, Seller may assign any monies due or to become due to him hereunder, provided that such assignment shall not be binding upon Buyer until receipt of a copy of the assignment agreement is acknowledged and approved by Buyer in writing. Seller is hereby granted the right to subcontract any portion this order, provided that all work so subcontracted, when combined, does not amount to a substantial portion of the order. Nothing in this order shall be seen as prohibiting Seller's purchase of standard commercial articles, raw materials, or other supplies specified in this order if these are typically purchased by Seller in the normal course of business. This right to subcontract shall not be deemed an assignment of obligation and Seller shall remain liable under this order regardless of subcontracts.

**24. INDEMNIFICATION.** Seller shall indemnify and hold Buyer, Buyer's customers, and those for whom Buyer may act as agent harmless with respect to any Loss insofar as such Loss (or actions in respect thereof) arises out of or is based on: (i) any breach of any of the representations, warranties, or agreements made by Seller in this order; (ii) any claim of infringement as to any of the products, materials, or services provided by Seller to Buyer; (iii) any false claims or misrepresentation of fact submitted by Seller under this order; (iv) any bodily injury, including death and/or damage to property, caused by any product, material, or service supplied by Seller; (v) any act or omission by Seller or its employees, servants, agents, or subcontractors at any tier; (vi) any defective products or materials provided by Seller; (vii) any breach by Seller of any express or implied warranties.

**25. WARRANTY.** Seller warrants that all delivered supplies will be of good workmanship, free from defects, and in conformance with specification referenced in this order, or, if none are referenced, those current as of the date order and available to the general public for one year from the date of acceptance. All costs incurred in the satisfaction of this warranty shall born by the Seller. If Seller does not promptly repair or replace supplies when required, Buyer may have the supplies replaced or repaired and Seller shall reimburse Buyer for all reasonable expenses incurred thereby.

**26. GENERAL.** (a) If any provision of this order is held by a court of competent jurisdiction to be invalid, illegal, or otherwise unenforceable it is to that extent to be deemed omitted, and the remainder of the order shall in no way be affected or impaired thereby; (b) failure of either party to enforce its rights under this order shall not constitute a waiver of such rights or any other rights; (c) this order shall be governed by and construed in accordance with the laws of the State where issued by Buyer. However, if the issue in dispute is not covered by the laws of the State, or if there is a conflict between the laws of the State and the Federal law, the court of the State shall apply the Federal law; (d) the parties agree that, except in cases where this order is issued pursuant to a Subcontract or other agreement between the parties and referenced in this order, this order is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understanding, and all other agreements, oral and written, between the parties relating to the subject matter of this order. In the event of any inconsistency between any such parts constituting this Purchase Order, the following order of precedence shall prevail: (i) The Subcontract (if any) noted on the face of this order; (ii) the terms and conditions contained herein.

**27. ADDITIONAL CLAUSES MANDATORY TO GOVERNMENT CONTRACTS.** If the face of this order bears a U.S. Government contract number, then any U.S. Government Contract Clauses which are required under law to be incorporated herein shall be considered incorporated by reference into this order. These clauses are set forth in the Federal Acquisition Regulation (FAR) or the Department of Defense (DoD) Supplement thereto. Copies of the text of these clauses are available from Buyer upon written request of Seller. Obligations of the "Contractor" to the "Government" as provided in the Government Clauses shall be deemed to be the obligations of Seller to Buyer. The Government Clauses shall be those in effect on the effective date of acceptance by or award to the Buyer of the Government contract noted on the face to this order.