

Terms and Conditions of Purchase

Acceptance of this order is expressly limited to the terms and conditions contained herein and any additional or different terms or conditions contained in seller's response hereto shall be deemed objected to by the buyer without need of further notice of objection and shall be of no effect nor in any circumstances binding upon the buyer. Seller will be deemed to have assented to all terms and conditions contained herein if any part of the described items is shipped or services rendered.

1. **EXTRA-CHARGES** - No charges of any kind including charges for boxing or cartage will be allowed unless specifically agreed to by buyer in writing. Price is to cover net weight of material unless otherwise agreed.
2. **DELIVERY** - Any item delivered more than five (5) days prior to the scheduled delivery date may be returned at seller's risk and expense unless specifically agreed to in writing by buyer.
3. **DEFAULT OF SELLER** - Time is of the essence of this purchase order. If seller shall (a) fail to deliver the items or to perform the services ordered hereunder within the time scheduled therefor herein or (b) fail to perform any other provision of this purchase order or (c) become insolvent, or (d) file or have filed against it a petition under any state or federal bankruptcy or insolvency law, then, and in any such event, without prejudice to buyer's other rights or remedies buyer shall have the right at its option upon written notice, to terminate this purchase order, in whole or in part. Upon any such termination buyer may: (1) require seller to deliver forthwith any or all of the items, or parts thereof, which have been produced, or are in process of production pursuant to this purchase order, in which event buyer shall pay seller the purchase order price for the acceptable completed items so delivered and shall reimburse seller for its cost actually incurred with respect to the acceptable parts, and partially completed items so delivered, provided, however, that such costs in no event shall exceed the purchase order price equitably allocated therefor, and (2) procure, on such terms and in such manner as it may deem appropriate, items and services similar to those so terminated, and to recover from the seller the excess cost incurred by buyer in procuring such similar items and services.
4. **REJECTIONS** - If any of the goods are found at any time to be defective in material or workmanship, or otherwise not in conformity with the requirements of the order including drawings and specifications, if any, buyer in addition to any other rights which it may have under warranties or otherwise, shall have the right to reject and return such goods at seller's expense, and such goods shall not be replaced without suitable written authorization from buyer.
5. **INSPECTION** - Buyer and its customer may inspect and test material, work in process and supplies at all times and places during manufacture and otherwise. If inspections and tests are made on seller's premises, seller without additional charge shall provide reasonable facilities and assistance for the safety and convenience of the inspectors in performing their duties. Inspections and tests by the buyer shall be performed in such



manner as not to delay the work unduly. Buyer may charge to seller any additional cost of inspection and test when material work, or supplies are not ready at the time such inspection and test is requested by seller. In case of rejection, neither buyer nor its customer shall be liable for any reduction in value of samples used in connection with such inspection or test. Except as otherwise agreed in writing, all shipments and supplies furnished under this purchase order shall be subject to that inspection and acceptance by buyer at destination notwithstanding any previous source inspection or acceptance. Seller shall maintain an inspection and quality control system acceptable to buyer and its customer.

6. **WARRANTY** - Seller warrants that the supplies covered by this purchase order will conform to the design and specifications and to drawings, samples or other descriptions referred to in this purchase order, will be free from defects in material and workmanship, and to the extent that the seller knows or has reason to know of the purpose for which the supplies are intended will be fit and sufficient for such purpose. The warranties contained in this paragraph shall run to buyer and its customer.
7. All items shipped and services rendered under this order shall be subject to all implied statutory and express warranties including those created by acts and statements by the seller. Any exclusions of such warranties by the seller shall be of no effect.
8. **CHANGES** - Buyer shall have the right to make changes in the order, but no additional charge will be allowed unless authorized in writing by buyer. If such changes effect delivery or the amount to be paid by buyer, seller shall notify buyer immediately and negotiate an adjustment.
9. **QUANTITIES** - It is the seller's responsibility to furnish the proper quantity called for on this order. No variation in the quantities specified herein will be accepted as compliance with the order except by prior written agreement. The buyer reserves the right to return excess shipments at seller's expense.
10. **NON-ASSIGNMENT** - Assignment of this order or any interest therein or any payment due or to become due thereunder without the written consent of buyer shall be void.
11. **SET-OFF** - Buyer shall be entitled at all times to set-off any amount owing at any time from seller to buyer or any of its affiliated companies against any amount payable at any time by buyer or any of its affiliated companies to seller.
12. **COMPLIANCE WITH LAWS** - Seller shall comply with all applicable State, Federal and local laws, rules regulations. Without limiting the generality of the foregoing, Seller in accepting this order, represents that the goods to be furnished or the services to be rendered hereunder were or will be produced or performed in compliance with all the applicable requirements of section 6, 7 and 12 of the Fair Labor Standards Act of 1938 as amended and of all valid and applicable regulations and orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof. Seller shall insert a certificate on all invoices submitted in connection with this order stating that the goods or services were produced or rendered in accordance with the foregoing representation.
13. **EQUAL OPPORTUNITY** - The clause set forth in ASPR 12-804 entitled "Equal Opportunity" as in effect on date of this subcontract is applicable unless this subcontract is exempt under regulations by the Secretary of Labor (see Executive Order 11246, dated



September 24, 1965). Where necessary to make the above clause applicable to this subcontract. The word "contractor" shall mean Subcontractor.

14. **FEDERAL, STATE AND LOCAL TAXES** - Except as may be otherwise provided in this purchase order, the prices includes all applicable federal, state and local taxes and duties.
15. **LABOR DISPUTE** - Whenever any actual or potential labor problem delays or threatens to delay the performance of this order within times specified, seller shall immediately give notice thereof to buyer. Seller shall insert the substance of this provision in its order hereunder.
16. **BUYERS PROPERTY** - Unless otherwise agreed in writing, all tools, equipment or material of every description, furnished to seller by buyer or specifically paid for by buyer, and any replacement, thereof, or any materials affixed or attached thereto, shall be and remain the personal property of the Buyer. Such property, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by seller as property of Herley-CTI, Inc. and shall be stored separate and apart from seller's property. Seller shall not substitute any property for buyer's property and shall not use such property except in filling buyer's orders. Such property while in seller's custody or control shall be held in seller's risk and shall be kept insured by seller at seller's expense in an amount equal to the replacement cost with loss payable to buyer and shall be subject to removal at buyer's request, in which event seller shall prepare such property for shipment and shall redeliver to buyer in the same condition as originally received by seller, reasonable wear and tear accepted.
17. **INFORMATION DISCLOSED TO BUYER** - Any knowledge or information which the seller shall have disclosed or may hereafter disclose to the Buyer in conjunction with the purchase of goods or services covered by this order, shall not, unless otherwise specifically agreed upon in writing by the buyer, be deemed to be confidential or proprietary information, shall be acquired free from any restriction (other than a claim for patent infringement), as part of the consideration for this order.
18. No news release, public announcement, denial or confirmation of same or any part of the subject matter of this purchase order or any phase of this purchase order shall be made without the prior written approval of "Buyers Public Relations Organization".
19. **FOR WORK ON BUYERS OR ITS CUSTOMERS PREMISES** - If seller's work under the order involves operations by the seller on the premises of buyer or one of its customers, Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the process of such work and except to the extent that any such injury is due and solely to buyer's or its customers negligence, as the case may be, shall indemnify buyer against all loss which may result in any way from any act or omission of the seller, its agents, employees or subcontractors, and seller shall maintain such Public Liability, Property Damage and Employers Liability and compensation insurance as will protect buyer from said risks and from any claims under any applicable Workman's Compensation and Occupational Disease Acts.
20. **DISPUTES** - Any disputes arising under this order which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending any decision, appeal or judgment in such proceedings or the settlement of any dispute arising under this order,



seller shall proceed diligently with the performance of this order in accordance with the decision of the buyer.

21. This instrument constitutes the entire and only agreement between the parties hereto, and any representation, affirmation of fact, and course of prior dealings, promise or condition in connection therewith or usage of the trade not incorporated herein shall not be binding on either party. No waiver, alteration, or modification of any of the provisions hereof shall be binding unless in writing and signed by a specifically authorized representative of Herley-CTI, Inc.
22. ARMED SERVICES PROCUREMENT REGULATIONS - The following clauses set forth in the Armed Services Procurement Regulations, as in effect on the date of this purchase order, are incorporated by reference.
 - a. All orders
 - 7-103.16 "Contract Work Hours Standards Act Overtime Compensation"
 - 7-103.17 "Walsh-Healy Public Contracts Act"
 - 7-103.23 "Notice and Assistance Regarding Patent and Copyright Infringement"
 - 7-104.3 "Buy American Act"
 - 7-104.6 "Filing of Patent Applications"
 - 7-103.13 "Renegotiation"
 - 7-104.11 "Excess Profits"
 - 7-104.12 "Military Security Requirements"
 - 7-104.18 "Priorities, Allocations and Allotments"
 - 7-104.20(a) "Utilization of Labor Surplus Area Concerns"
 - 7-104.48 "New Material"
 - 7-104.5 "Patent Indemnity"
 - b. All orders over \$2,500
 - 7-104.15 "Examination of Records"
 - 7-104.32 "Duty Free Entry of Canadian Supplies" (to the extent included in the prime contract)
 - c. All orders over \$5,000
 - 7-104.14(a) "Utilization of Small Business Concerns"
 - d. All orders over \$50,000
 - 12-807 "Affirmative Action Compliance Program"
 - e. All order over \$500,000
 - 7-104.14(b) "Small Business Subcontracting Program"
 - 7-104.20(b) "Labor Surplus Area Subcontracting Program"

The validity of this order and its interpretation shall be governed by the law of the State of New Jersey, U.S.A. This agreement shall be construed to be between merchants.

PRICE STABILIZATION - Seller warrants that he is in compliance with Executive Order 11627, October 15, 1971 and all subsequent Executive Orders relating to the stabilization of prices, wages and salaries.