

TERMS AND CONDITIONS OF PURCHASE

1. ARTICLES ORDERED

Seller agrees to sell to Scientific Systems, Inc. ("Buyer") the quantities of goods and services (hereafter individually and collectively called the "Articles") specified on the face hereof (hereafter called "hereon") at the prices specified hereon and to deliver the same on or before the delivery dates specified hereon. Hereafter the term "delivery" and the like refers to performance when used with respect to services. Delivery time shall be of the essence of this contract. Buyer's count will be accepted as conclusive on all shipments not accompanied by a packing slip. Unless otherwise specified hereon, payments will not be made for partial deliveries. Buyer will not pay for Articles not set forth hereon, including, but not limited to, Articles, parts or supplies manufactured or purchased by Seller in anticipation of future orders by Buyer.

2. PRICES AND TAXES

The prices stated hereon shall constitute the entire consideration to Seller for the Articles, their boxing, crating, and other packaging, and for all warranties and otherwise, unless otherwise specified hereon, and no other charge shall be made therefor. The prices stated hereon shall be deemed to include all federal, state and local taxes in effect on the date of this order from which Seller cannot obtain exemption, and the amount of any such taxes shall be shown separately on Seller's invoice. Seller warrants that the prices stated hereon do not exceed Seller's lowest lawful price to any other customer of the same class in effect on the delivery date for like items and like quantities. When no price is stated hereon for any Articles, this order must not be filled at higher prices than last quoted or (if later) last charged to Buyer, subject to the preceding sentence. Any price reduction of the Articles made subsequent to the date of this order shall apply to Articles delivered thereafter under this order. Invoices shall not bear a date prior to the date of complete shipment or performance. Buyer shall not be liable for any interest, late or penalty charges, or otherwise, for failure to pay Seller's invoices when due. Unless otherwise stated hereon, invoices are due within thirty (30) days of the invoice date or date of shipment, whichever is later.

3. RISK OF LOSS

Seller assumes the following risks, in addition to other risks Seller assumes by law: (a) All risks of loss or damage to Articles until their delivery to and acceptance by Buyer; (b) All risks of loss or damage to any property in the possession of Seller received from, or held for the account of, Buyer, until such property has been delivered to and accepted by Buyer; (c) In the event the Articles are rejected by Buyer or Buyer revokes its acceptance of the Articles, all risks of loss or damage shall be deemed to have rested with the Seller from the beginning.

4. DEFAULT

(a) Any of the following circumstances shall, among others, be deemed a default by the Seller: (i) If Seller fails to make any delivery in the specified quantity within the exact time specified hereon or any extensions thereof which are agreed to in writing by a member of Buyer's Purchasing Department (or within a reasonable time if no time is specified); (ii) If Seller

breaches or fails to perform (whether the breach or failure is material or not) any of the other terms or conditions of this order; (iii) If, in Buyer's sole judgment, Seller so fails to make progress as to endanger performance of this order in accordance with its terms and conditions and does not cure such failure within a period of ten (10) days after the date of the notice from Buyer specifying such failure; (iv) If any proceeding in bankruptcy or insolvency is initiated against Seller, or if Seller makes an assignment for the benefit of creditors, or if a trustee or receiver is appointed for Seller, regardless of whether Seller consents to any of the foregoing. If this order is filled in installments (whether or not the filling of the order in installments has been authorized by Buyer), Seller acknowledges that the occurrence of any of the foregoing circumstances or events with respect to any one of such installments will substantially impair the value of the entire order and shall constitute a breach of and a default with respect to this entire order.

(b) In the event of a default by the Seller, Buyer, in addition to its other remedies, may pursue at any time any one or more or all of the following remedies: (i) Buyer may require Seller to indemnify Buyer and hold it harmless from all liability (including liability to Buyer's customers and others), loss (including loss of good will, resale profits and savings not effectuated by Buyer), damage (including consequential and incidental), expense (including refunds to Buyer's customers and extra administrative and other costs incurred by Buyer) and/or claims (including all Buyer's attorneys' fees and costs of investigating and litigating claims) resulting, directly or indirectly, from Seller's default; (ii) Buyer may cancel its obligation under all or any part of this order, including any executed portion of this order; (iii) Buyer may elect to reject for full credit or retain any or all of the Articles which have been delivered to Buyer, paying Seller the fair value of Articles retained, as determined by Buyer; (iv) Buyer may require Seller to deliver to Buyer any or all of the Articles not previously delivered by Seller or previously delivered and rejected by Buyer, and Buyer shall pay the fair value, as determined by Buyer, of the Articles so requested after their delivery to Buyer; (v) Buyer may reprocure the same or similar Articles elsewhere and/or manufacture itself the same or similar Articles, holding Seller liable for all additional cost of such reprocurement and/or manufacture (including transportation and insurance charges). In the event Buyer elects to reject any or all of the Articles for full credit, Seller shall promptly repay to Buyer any part of the price previously paid for the rejected Articles, plus Buyer's inspection costs with respect to rejected Articles, and Buyer shall thereupon deliver the rejected Articles to Seller after prepayment by Seller of all transportation and insurance charges for such delivery. Seller is hereby given notice that, unless otherwise specified hereon, Buyer contemplates resale of the Articles, and Buyer may lose, among other things, resale profits, liquidated and other damages, interest, and late and penalty charges in the event of Seller's default. In the event of Seller's default, Buyer shall have no obligation or liability whatsoever to Seller except as provided above. Seller shall continue performance of any part of this order which is not cancelled.

(c) Notwithstanding subparagraph 4(b) above, Seller shall not be liable to Buyer for any loss or damage to which Buyer may otherwise be entitled if Seller's default is due to causes both beyond its control and without its negligence, provided Seller has given Buyer immediate written notice of such cause and further provided that such notice is received by Buyer at least prior to the delivery date. Such causes include fire, flood, epidemic, quarantine restriction, strike and the like, provided that in every case the cause is both beyond the control and without the negligence of the Seller. The default of a subcontractor of Seller shall not be considered a cause

both beyond the control and without the negligence of the Seller regardless of the reason for the default. Nothing contained in this subparagraph shall affect Buyer's right to cancel its obligations under this order in the event of Seller's default.

5. **WARRANTIES**

(a) Seller, in addition to its other warranties, warrants that all Articles will be new and the best of their respective kinds (unless otherwise specified hereon), will exactly conform to the samples, models, specifications, drawings, and/or descriptions (whether oral or written and whether specified hereon or not) furnished by Buyer, or furnished by Seller and accepted by Buyer, and will be merchantable and free from defective workmanship, material, design and other defect. Seller warrants that all the Articles which are recommended by Seller for a purpose revealed to Seller by Buyer, or are in accordance with Seller's specifications, will be fit and sufficient for the purposes intended by Buyer. Seller warrants that the Articles will operate in accordance with specifications during the entire warranty period specified in subparagraph 5(b) below.

(b) All warranties, both express and implied, shall survive inspection, tests, acceptance and payment by Buyer, and shall be applicable for a period of one (1) year from date of acceptance by Buyer of the particular Article or a correction or replacement thereof (if accepted later). If this order is issued in connection with a U.S. Government contract, or if the Articles are otherwise resold, Seller in addition agrees that all warranties, both express and implied, shall be applicable to at least the same extent and for at least the same extent and for at least the same length of time as Buyer is obligated by warranty under, or in connection with, such U.S. Government contract or any such resale contract. All warranties of Seller, both express and implied, shall extend to, and be jointly and severally enforceable by, Buyer, its successors, assigns, customers and all third parties to whom any of the Articles may be sold or transferred, regardless of whether such Articles remain in the same form or are owned by the enforcer of the warranty at the time of suit.

(c) In the event of any breach of any express or implied warranties as to any of the Articles, Buyer, in addition to all its other remedies (including the remedies arising on Seller's default), may require prompt correction and/or replacement of any or all of the Articles by Seller, at Seller's sole expense (including transportation and insurance charges to and from Seller). In the event Seller does not promptly make any correction and/or replacement within the time requested by Buyer or refuses to do so, in addition to its other remedies, Buyer may pursue at any time any one or more or all of the following remedies: (i) Buyer may pursue the remedies arising on Seller's default; (ii) Buyer may rework any or all the Articles, or parts thereof, at Seller's sole expense; (iii) Buyer may procure correction of any or all of the Articles, or parts thereof, holding Seller liable for all costs of such correction; (iv) Buyer may accept and retain any of the Articles, or parts thereof, at a reduction in price corresponding to the quantities retained and the decreased value, as solely determined by Buyer, of what is retained. Seller agrees to reimburse Buyer for any loss of goodwill resulting, directly or indirectly, from any breach of warranty. Buyer shall have no obligation or liability whatsoever to Seller in any of the foregoing events except as to Articles, or parts thereof, which Buyer elects to retain pursuant to this clause or requests Seller to deliver pursuant to clause 4 above.

6. **SUSPENSION AND TERMINATION**

Buyer may terminate, or suspend performance for a reasonable time of, all or (from time to time) any portion of this order at any time and for any reason upon written notice to Seller. In the event of termination of this order in whole or in part, Seller's exclusive remedy shall be to deliver to Buyer the terminated portion of the Articles and parts thereof to the extent completed at the date of termination and to obtain reimbursement from Buyer for Seller's reasonable and necessary expenses actually expended up to the date of termination which are directly incident to the terminated portion of this order. In the event of such termination or suspension, Buyer shall in no event be liable for any loss of profits on the order or portion thereof so terminated or suspended, nor for any consequential or incidental loss or damage, nor for any suspension, delay, termination or cancellation charges. Seller shall continue performance of any portion of this order which is not terminated or suspended. Nothing contained herein shall prevent Buyer from pursuing the remedies arising on the Seller's default as provided in clause 4 above after terminating or suspending this order; in such event clause 4 shall apply in lieu of this clause.

7. **CHANGES**

Buyer may, at any time, by written order, and without notice to any sureties, make changes, within the general scope of this order, in any one or more or all of the following: (a) Drawings, designs, specifications, and other data incorporated in this order; (b) Method of shipment or packing; (c) Place of delivery, inspection or acceptance; or (d) Time of delivery. Upon receipt of any such written order, Seller shall proceed promptly, and in any event within ten (10) days from the date of Buyer's written order, to deliver a statement to Buyer showing the effect of any such change of delivery date and/or prices, and in the absence of such statement within said ten (10) days, all Seller's claims for equitable adjustment as a result of the change shall be deemed waived. Seller shall not put such changes into effect unless and until an equitable adjustment (not to include delay costs), in writing, shall be made in the terms of this order, or (if sooner), when Seller's claims for adjustment have been waived. Notwithstanding the foregoing sentence, if the provisions under the heading "Government Contracts" applies to this order, and if required by Buyer, Seller shall immediately proceed with the order as changed, even though an equitable adjustment has not as yet been agreed upon or waived.

8. **EQUIPMENT, SPECIFICATIONS, AND PUBLICITY**

Any equipment, tools, manufacturing aids, specifications, drawings, technical documents and other property (hereinafter called "Buyer's Equipment and Specifications") received from or held for the account of Buyer, shall remain Buyer's property, shall be kept by Seller free of all liens and encumbrances, and, together with any special tooling developed at Buyer's expense hereunder, shall be used solely in the performance of orders from Buyer. Buyer's Equipment and Specifications, together with any copies, shall, at Seller's expense, be promptly returned to Buyer in the same condition as when received (ordinary wear and tear excepted) or destroyed by Seller, as Buyer may at any time specify. Seller shall not disclose any information or release any publicity concerning this order, the Articles or parts thereof and/or Buyer's Equipment and Specifications, nor shall Seller furnish any of the foregoing (or summaries, excerpts or copies thereof) to third parties except as required in the performance of this order, without the prior written approval of Buyer.

9. **SELLER'S INFORMATION AND DOCUMENTS**

Any knowledge or information which Seller shall have disclosed or may hereafter disclose to Buyer in connection with the purchase of the Articles shall not, unless otherwise specifically agreed to in writing by Buyer, be deemed to be confidential or proprietary information, and shall be acquired by Buyer free of any restriction as part of the consideration for this order, notwithstanding any endorsements of confidentiality which Seller may place on copies of documents and material containing such knowledge or information. Buyer shall have the right to reproduce in whole or in part any documents and material, whether copyrighted or not, supplied to Buyer as part of, or in connection with, the Articles.

10. **COMPLIANCE WITH LAW AND PATENTS**

Seller represents and warrants that the Articles have been and/or will be manufactured, constructed and sold, and that prices charged are in strict compliance with all federal, state, and local laws, regulations and orders, and any applicable foreign laws, regulations and orders. The Seller represents and warrants that no claim for infringement of U.S. or foreign letters patent will be made against Buyer for which indemnity may be sought by Buyer under clause 11 below.

11. **HOLD HARMLESS**

(a) Seller shall indemnify for and hold Buyer harmless from all liability, loss, damage, expense, and/or claim (including all attorneys' fees and costs of investigating and litigating claims) (collectively, "Losses") resulting, directly or indirectly, from any failure of Seller, its employees, agents and/or suppliers to fully comply with and perform all federal, state and local laws, ordinances, regulations and orders. (b) Seller shall indemnify for and hold Buyer harmless from all liability, loss, damage, expense and/or claims of infringement of U.S. or foreign letters patent (including all attorneys' fees and costs of investigating and litigating claims) resulting, directly or indirectly, from the manufacture, use/or sale of the Articles except to the extent that any such loss, damage, expense or claim shall have arisen because of Seller's manufacture of Articles which are designed solely by Buyer, without Seller's participation, and provided such Articles are made by Seller exactly in accordance with the specifications and drawings furnished by Buyer. (c) Seller shall indemnify for and hold Buyer harmless from all Losses due to injuries to persons (including death) and/or damage to or destruction to property resulting, directly or indirectly, from acts or omissions of Seller, its employees, agents, or suppliers, in the manufacture, construction, sale, use, delivery, installation and/or servicing of the Articles or otherwise in the performance of this order. (d) The obligation to indemnify Buyer and hold it harmless pursuant to this clause 11 shall be deemed to also extend to Buyer's employees and agents, its affiliates, their employees and agents, and Buyer's customers and users of its products. The Seller agrees to promptly assume the defense and preparation for the defense (and costs therefor) of any suit or threatened suit brought against Buyer or any such aforesaid indemnitee.

12. **INSPECTION**

All the Articles and parts thereof, (including, without limitation, raw materials, components, and intermediate assemblies), may be inspected, tested and otherwise evaluated by Buyer at all times and places, including the Seller's plants. Seller shall, without additional charge, provide an inspection system acceptable to Buyer and all reasonable facilities and assistance for the safety and convenience of Buyer's inspectors. Any inspection, tests or other evaluation by Buyer shall in no manner destroy, qualify or affect any of Seller's express or implied warranties hereunder or otherwise. Buyer may charge Seller for the cost of inspecting any Articles rejected. Buyer shall be deemed to have accepted Articles only after a reasonable time for discovery of defects, even if Articles have been previously inspected by Buyer. If the provisions under the heading "Government Contracts" apply to this order, the term "Buyer" as used in this clause shall, in addition, include the U.S. Government.

13. **IDENTIFICATION**

All invoices, packing lists, packages, shipping notices, instruction manuals, and other written documents affecting this order shall contain the applicable order number. Packing lists shall be enclosed in each and every box or package shipped pursuant to this order, indicating the content of such boxes or packages.

14. **GRATUITIES**

Seller warrants that it has not offered or given and will not offer to give any employee, agent or representative of Buyer any gratuity, including, but not limited to, entertainment or a gift, with a view toward securing any business from Buyer or influencing the employee, agent or representative with respect to the securing, terms and conditions, or performance of this order.

15. **SET OFF**

Buyer (and its affiliates) shall be entitled at any time to set off any amount owing by Seller (or its affiliates) to Buyer (or its affiliates) against any amount owing to Seller (or its affiliates) by Buyer (or its affiliates), regardless of any assignment or purported assignment by Seller (or its affiliates).

16. **AUTHORITY TO EXECUTE DOCUMENTS**

This order is not binding upon Buyer unless signed by a member of Buyer's Purchasing Department, and only such a member may act on behalf of Buyer in connection with this order. No modification, amendment, rescission, discharge, abandonment or waiver of these Terms and Conditions of Purchase shall be binding upon Buyer unless set forth in writing and signed by Buyer's Manager of Purchasing. No modification or amendment of the terms appearing hereon shall be binding upon Buyer unless set forth in writing and signed by a member of Buyer's Purchasing Department.

17. **INSURANCE**

DO NOT INSURE THE SHIPMENT FOR BUYER IF ITS VALUATION IS LESS THAN \$50,000. SHOULD THE SHIPMENT'S VALUATION EXCEED \$50,000, SELLER SHALL PLACE ONLY EXCESS VALUATION INSURANCE ON THE SHIPMENT FOR BUYER, payable to Buyer as its interest may appear. No term or condition of this clause, shall be deemed to destroy, qualify or affect Seller's assumption of the risks of loss or damage pursuant to clause 3 hereof.

18. **CHANGE ORDERS**

Notwithstanding anything to the contrary contained herein, if this order is designated a Change Order on the face hereof, only this clause, clause 21 hereof and those terms and conditions which have been changed from the original order contract, as amended by any prior change orders, shall be deemed to be contained herein (all unchanged terms and conditions of the original order contract as amended by any prior change order remaining in full force and effect), and this change order shall not be deemed a waiver of any default by Seller on the original order contract as amended by any prior change orders.

19. **SELLER'S EMPLOYEES**

In the event Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be performed on Buyer's property, or property of Buyer's customers, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of Buyer. Seller shall maintain all necessary insurance coverage, including liability and Workers' Compensation insurance. Seller shall indemnify and hold harmless and defend Buyer from any and all Losses arising out of the work covered by this Section.

20. **GENERAL CONDITIONS**

(a) Seller's obligations hereunder shall not be deemed severable or divisible, notwithstanding the acceptance of, or payment for, partial delivery or any authorization for installment deliveries hereon. (b) Seller may not subcontract any substantial portion (as determined by Buyer) of this order to another person, firm or corporation without the prior written consent of Buyer. (c) No delay or failure on the part of Buyer in exercising any right or remedy under this order, and no partial or single exercise thereof, shall constitute a waiver of such right or remedy or of any other right or remedy. If Seller fails to comply with any delivery date hereon, any attempts by Buyer to expedite Seller's delivery shall not be deemed a waiver of Seller's default or an extension of such delivery date. (d) If any term of this order or the application thereof shall be illegal, such illegality shall not affect any other term or condition hereon, and such other terms and conditions shall continue in full force and effect. (e) All rights and remedies of Buyer under this order shall be cumulative and not exclusive, and shall be in addition to all other rights in law or equity, whether set forth herein or not. (f) Clause headings are inserted for convenient reference only and are not a part of this order. (g) Buyer shall not be liable to Seller for incidental or consequential damages. (h) In the event of any conflict between the printed and the typed, written or stamped provisions appearing herein and hereon, the latter

shall govern. (i) Any written notice required under this order may be given, among other methods, by telegram, facsimile, electronic mail and like forms of notice. (j) This order, any contract resulting herefrom, and the performances of the parties thereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania, and any contract resulting herefrom shall be deemed made in such Commonwealth. Seller irrevocably consents to the exclusive jurisdiction of the courts of the Commonwealth of Pennsylvania or the United States District Court for the Middle District of Pennsylvania in all matters arising out of or relating to this order, Seller irrevocably waives its right to jury trial in all matters arising out of or relating to this order, and Seller further irrevocably consents to service of process by certified mail, return receipt requested, at Seller's address set forth hereon. (k) This order supersedes all prior communications, whether oral or written, with respect to the matters referred to herein and constitutes the entire understanding of the parties. No prior course of dealing between the parties and no usage of the trade shall be relevant to supplement or construe any of the terms hereof.

21. **TERMS TO GOVERN**

(a) This order is an offer made by Buyer and shall not be deemed an expression of acceptance or confirmation of any offer heretofore or hereafter made by Seller. If any acceptance of an offer made by Seller is deemed contained herein, such acceptance is expressly made conditional on assent by the Seller to all the additional and different terms contained herein from those contained in any quotation, proposal or other offer received from Seller. Buyer hereby notifies Seller of its objection to any additional or different terms contained in Seller's acknowledgement or confirmation of this order or otherwise. Neither the failure by Buyer to object to Seller's acknowledgement or confirmation of this order, nor the acceptance or use of the Articles hereunder, nor any other act or omission by Buyer shall be deemed an acceptance by Buyer of any terms or conditions in Seller's acknowledgement or confirmation or otherwise which are additional to and different from those contained in this order.

(b) When Seller has not otherwise accepted this order, Seller by commencing work hereunder, or by notifying Buyer of its commencement of work, or by the shipment of the Articles, shall be deemed to have agreed to all the terms and conditions contained herein and hereon, and no other. In any event, Seller shall be deemed to have agreed to all the terms and conditions contained herein and hereon, and no other, if Seller shall fail to make written objection to Buyer within five (5) days after receipt by Seller of this order.

(c) Notwithstanding anything to the contrary contained herein and hereon, if Seller has previously issued a quotation to Buyer by means of a form which incorporates these Terms and Conditions of Purchase, or a prior version thereof, and which offers the Articles to Buyer on the same terms specified hereon, without any addition or change hereto, this order shall be deemed an unconditional acceptance of such quotation from Seller.