

L-3 Communications Corporation

GENERAL TERMS AND CONDITIONS

For Supply & Services Subcontracts

This document, together with the attachments appended hereto constitutes the Terms and Conditions for the Subcontract between the parties, and acceptance is strictly limited to the terms and conditions contained herein. **Additional or differing terms, conditions or limitations of liability proposed by Seller, whether in a quote, acceptance or delivery document shall have no effect unless accepted in writing by Buyer. In particular, any limitation of liability or disclaimer of warranty is expressly rejected.** Agreement by Seller to furnish the goods or services to these terms and conditions, or Seller's commencement of such performance or acceptance of payment shall constitute acceptance by Seller of these Terms and Conditions.

1. Definitions: Words, as employed in this Agreement, shall have their normally accepted meanings. The following terms shall have the described meaning:

- (a) "Buyer" shall mean L-3 Communications Corporation in this Subcontract.
- (b) "Subcontract" shall mean the Purchase Order, Subcontract, or Contract these General Terms and Conditions, and any special conditions appended hereto or documents incorporated herein.
- (c) "Goods" shall mean those Goods identified in this Subcontract, which may be changed, from time to time by the mutual written agreement of the parties.
- (d) "Services" shall mean those Services identified in this Subcontract, which may be changed, from time to time by the mutual written agreement of the parties.
- (e) "Seller" shall mean the party identified as the Seller in this Subcontract.

2. Price: (a) The prices established by this Subcontract are firm fixed prices unless otherwise stated in the Subcontract. Seller warrants that any unit prices charged herein do not exceed the unit prices charged by Seller to other customers in substantially similar transactions.

(b) In the event Seller is liable to Buyer for any amounts, Buyer may, at its election, set-off against any amounts payable to Seller under this Subcontract.

3. Schedule and Delivery; Notice of Delay: Seller shall strictly adhere to all Subcontract schedules. Time is and shall remain of the essence in the performance of this Subcontract. Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Subcontract. Such notice shall include a revised schedule and shall not constitute a waiver to Buyer's rights and remedies hereunder.

4. New Materials; Packaging and Shipping: (a) All goods to be delivered hereunder shall consist of new materials

(b) Seller shall prepare and package the goods to prevent damage or deterioration and shall use best commercial practice for packing and packaging of items to be delivered under this Subcontract, unless otherwise specified in the Subcontract. (c) Unless otherwise stated in the Subcontract, F.O.B. point shall be Destination (Incoterms 2000 DDP).

5. Inspection and Acceptance: (a) Buyer's acceptance of Goods or Services is subject to Buyer's inspection within sixty (60) days after receipt at Buyer's facility or such other place as may be designated by Buyer, notwithstanding any payment or prior test or inspection.

(b) Seller and its suppliers shall establish and maintain a quality control and inspection program as specified in the Subcontract. Subject to applicable national security regulations, Buyer and Buyer's representatives shall have the right of access, on a non-interference basis, to any area of Seller's or Seller's supply chain sub-tier premises where any part of the work is being performed.

Seller shall flow this requirement down to its sub tier supply chain suppliers as a condition of this Subcontract. Seller shall, without additional costs to Buyer, provide all reasonable in-plant accommodations, facilities, and assistance for the safety and convenience of the Buyer and the Buyer's representatives in the performance of their duties.

(c) Seller shall keep and maintain inspection, test and related records, which shall be available to Buyer or Buyer's representative. Seller shall allow copies to be made and shall furnish all information required by the Buyer or Buyer's representative.

6. Rejection: Buyer at any time prior to acceptance of goods or services shall have the right to reject any goods or services not conforming to the Subcontract requirements.

7. Invoices: (a) Invoices may be mailed when goods are shipped, but the time for payment shall not commence until Buyer's actual or scheduled receipt, whichever is later, of items at their destination or upon satisfactory completion of services.

(b) Buyer shall promptly pay Seller the amount due within 45 days, except if identified elsewhere in the Subcontract, unless the invoiced amount is in dispute. Buyer may withhold payment for shortages and/or non-conforming Goods or Services. Buyer may entertain discounts on goods for expedited payments.

8. Changes: (a) By written order, Buyer may from time to time direct changes for: (i) technical requirements; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities, delivery schedules or both; (v) amount of Buyer-furnished property; (vi) time of performance; (vii) place of performance; and, (viii) terms and conditions of this contract required to meet Buyer's obligations under Government prime contract or subcontract.

(b) If any such change causes an increase or decrease in the price or in the time required for its performance, Seller shall promptly notify Buyer thereof and assert its claim for equitable adjustment within thirty (30) days after the change is ordered, and an equitable adjustment shall be made. However, nothing in this provision shall excuse Seller from proceeding immediately with the directed change(s). Changes shall not be binding upon Buyer except when specifically confirmed in a written Subcontract or Change Order.

9. Force Majeure: The following events, and only the following events, shall constitute force majeure under this Subcontract: (a) acts of God or of a public enemy; (b) acts of Government; (c) fires; (d) floods; (e) epidemics; (f) quarantine restrictions; (g) strikes; (h) freight embargoes; and, (i) unusually severe weather. In each case, the failure to perform must be entirely beyond the control and without the fault or negligence of the Seller. Each party shall give the other immediate notice of any event that such party claims is a *Force Majeure* Condition that would prevent the party from performing its obligations hereunder, and of the cessation of the condition. A party's notice under this Section shall include the party's good faith estimate of the likely duration of the *Force Majeure* Condition.

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10. Termination for Convenience: (a) Buyer may, by notice in writing, direct Seller to terminate work under this Subcontract in whole or in part, at any time, and such termination shall not constitute default. In such event, Buyer shall have all rights and obligations accruing to it either at law or in equity, including Buyer's rights to title and possession of the goods and materials paid for. Buyer may take immediate possession of all work so performed upon notice of termination. (b) Seller shall immediately stop work and limit costs incurred on the terminated work.

(c) If such termination is for the convenience of the Buyer, Buyer, after deducting any amount(s) previously paid, shall reimburse Seller for the actual, reasonable, substantiated and allowable costs with the total amount to be paid by the Buyer being determined by negotiation.

11. Termination for Default: (a) Buyer may, by written Notice of Default to Seller, terminate this Subcontract in whole or in part if the Seller fails to: (i) deliver the goods or to perform the services within the time specified in this Subcontract or any extension; (ii) make progress, so as to endanger performance of this Subcontract; or, (iii) perform any of the other provisions of this Subcontract.

(b) Buyer may require Seller to transfer title and deliver to Buyer, in the manner and to the extent directed by Buyer, any partially completed goods and raw material, parts, tools, dies, jigs, fixtures, plans, drawings, services, information and contract rights (Materials) as Seller has produced or acquired for the performance of this Subcontract, including the assignment to Buyer of Seller's subcontracts. Seller further agrees to protect and preserve property in the possession of Seller in which Buyer has an interest. Payment for completed goods delivered to and accepted by Buyer shall be at the Subcontract price. Payment for unfinished Goods or Services, which have been delivered to and accepted by Buyer and for the protection and preservation of property, shall be at a price determined in the same manner as provided in the Termination for Convenience provision hereof except that Seller shall not be entitled to profit. Buyer may withhold from Seller moneys otherwise due Seller for completed goods and/or Materials in such amounts as Buyer determines necessary to protect Buyer against loss due to outstanding liens or claims against said goods and Materials.

(c) Seller shall promptly notify Buyer if Seller is the subject of any petition in bankruptcy. In the event of Seller's bankruptcy, Buyer may require Seller to post such financial assurance, as Buyer, in its sole discretion, deems necessary. Failure to post such financial assurance upon ten (10) days written notice shall constitute a default under this Subcontract. The rights and remedies of Buyer in this clause are in addition to any other rights and remedies provided by law or under this Subcontract.

12. Compliance with Law: (a) Seller shall comply with all applicable provisions of Federal, state, and local laws; ordinances and all lawful orders; rules, regulations, FAA, DOT and other transportation regulations and Hazard Communication Standards promulgated pursuant to the Occupational Health and Safety Act.

(b) Seller shall control the dissemination of and access to technical data, information and other items received under this Subcontract in accordance with U.S. export control laws and regulations.

(c) Seller shall comply with the requirements of the Foreign Corrupt Practices Act, as amended, (FCPA) (15 U.S.C. §§78dd-1, *et. seq.*), regardless of whether Seller is within the jurisdiction of the United States; and (ii) neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value received from Buyer to a non-U.S. public official or any person in

violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

13. Ethical Standards of Conduct: Seller shall neither receive nor give any gifts or gratuities in connection with this Subcontract. Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities. Seller shall not participate in any unethical conduct during performance of this Subcontract. Seller shall not engage in any personal, business, or investment activity that may be defined as a conflict of interest, whether real or perceived.

14. Intellectual Property: (a) Any information including but not limited to financial and technical information supplied by Buyer to Seller shall remain property of the Buyer and shall be used by Seller solely for the purposes of this Subcontract. Seller shall not furnish to Buyer any information which Seller considers to be proprietary or trade secret to Seller without specific permission and agreement in writing by Buyer. Absence such agreement, all Specifications, information, data, drawings, software and other items supplied to Buyer shall be disclosed to Buyer without any limited and/or restrictive rights on a non-proprietary basis.

(b) All Specifications, information, data, drawings, software and other items which are: (i) supplied to Seller by Buyer; or, (ii) paid for by Buyer during the performance of this Subcontract shall be treated as proprietary to Buyer and shall not be disclosed to any third party without Buyer's express written consent. Seller agrees not to use any such furnished information except to perform this Subcontract.

(c) Seller hereby grants to Buyer, and to Buyer's subcontractors and customers, in connection with the use, offer for sale, or sale of products provided to or work being performed for Buyer, an irrevocable, non-exclusive, paid-up worldwide license under any and all intellectual property (whether domestic or foreign), including patents, copyrights, industrial designs and/or mask works owned or controlled by Seller at any time or licensed to Seller, provided such a sublicense does not conflict with any provisions of the license to the Seller. but only to the extent that failure to provide such license would otherwise interfere with Buyer's or Buyer's subcontractors', suppliers', or customers' use or enjoyment of the goods, work or product provided by Seller under this subcontract.

(d) Seller hereby grants to Buyer, and to Buyer's subcontractors and customers, a perpetual, non-exclusive, paid-up worldwide license to reproduce, distribute copies of, perform publicly, display publicly, or make derivative works from any software included in or provided with Goods or Services under this Subcontract (Software Documentation) as reasonably required by Buyer in connection with Buyer's testing or use of the good but only to the extent that failure to provide such license would otherwise interfere with Buyer's or Buyer's subcontractors', suppliers', or customers' use or enjoyment of the goods, work or product provided by Seller under this subcontract.

[Alternate I - for International application]

Intellectual Property: (a) Background (Preexisting) Intellectual Property. Seller grants to Buyer, and to Buyer's subcontractors, suppliers, and customers in connection with goods or work being performed by Buyer, an irrevocable, nonexclusive, paid-up, worldwide license under any information, know-how, inventions, patents, industrial designs, and mask works (whether domestic or foreign) owned or controlled by Seller at any time before or during the term of this contract, but only to the extent that such would otherwise interfere with Buyer's or Buyer's subcontractors',

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suppliers', or customers; use or enjoyment of goods or the work product or foreground inventions belonging to Buyer under this contract. (b) Foreground Intellectual Property. All information, know-how, inventions, patents, industrial designs, and mask works (whether domestic or foreign) conceived, developed, or first reduced to practice by, for, or with Seller in the course of any work that is performed under this Subcontract and any patents resulting from such inventions (both domestic and foreign) shall be the property of Buyer. Seller will (i) promptly disclose all such inventions to Buyer in written detail and (ii) execute all papers, cooperate with Buyer, and perform all acts necessary and appropriate in connection with the filing, prosecution, maintenance, or assignment of related patents or patent applications on behalf of Buyer. (c) Preexisting Works of Authorship and Copyright. Unless superseded by an attached Seller Software License Agreement agreed to in writing by both Buyer and Seller, Seller grants to Buyer, and to Buyer's subcontractors, suppliers, and customers in connection with goods or work being performed by Buyer, a perpetual, irrevocable, nonexclusive, paid-up, worldwide license in Seller's copyrights to reproduce, distribute copies of, perform publicly, display publicly, and make derivative works from software included in or provided with or for goods (software) and related information and materials (software documentation) and that is owned or controlled by Seller at any time before or during the term of this Subcontract, but only to the extent that such copyrights would otherwise interfere with Buyer's or Buyer's subcontractors', suppliers', or customers' use or enjoyment of goods or the work products, inventions, or works of authorship belonging to Buyer and resulting from this Subcontract. (d) Foreground Works of Authorship and Copyrights. All works of authorship (including, but not limited to, documents, data, drawings, software, software documentation, photographs, video tapes, sound recordings, and images) created by, for, or with Seller in the course of any work performed under this Subcontract, together with all copyrights subsisting therein, shall be the sole proprietary property of Buyer. To the extent permitted under United States copyright law, all such works will be works made for hire, with the copyrights therein vesting in Buyer. The copyrights in all other such works, including all of the exclusive rights therein, will be promptly transferred and formally assigned free of any additional charges to Buyer. (e) Buyer Supplied Data. Any information supplied by the Buyer shall remain Buyer's property, shall not be photostatted or otherwise duplicated without Buyer's written consent and shall be returned to Buyer upon completion of order or upon demand.

15. Intellectual Property Warranty: Seller warrants that the sale, offering for sale, use, or incorporation into manufactured goods and Materials (including software) of all machines, parts, components, services, devices, material, and rights furnished or licensed hereunder which are not of Buyer's design, composition, or manufacture does not and will not infringe any valid patent, copyright, trade mark, or other proprietary or intellectual property rights.

16. Goods Warranty: Unless stated otherwise in the documents accompanying these terms and conditions, Seller shall warrant all goods against defects in design and performance for a period of one year following delivery. If this Subcontract is for delivery of goods, Seller shall observe, comply with and afford Buyer all applicable Uniform Commercial Code warranties contained in the New York Consolidated Laws, and Seller hereby acknowledges that Buyer does not waive or accept any disclaimer of any such warranties.

17. Services Warranty: Unless stated otherwise in the documents accompanying these terms and conditions, Seller shall warrant all services against defects in performance for a period of one year following delivery. If this subcontract includes the provision of Services, Seller warrants that it has and will maintain sufficient trained personnel to promptly and efficiently execute the Services contemplated under this Subcontract. Seller further warrants that the services shall be performed to at least the standard of performance reasonably expected of similar service providers in Buyer's geographic region.

18. Extension to Buyer's Customers: All warranties furnished pursuant to this Subcontract extend not only to Buyer but also to Buyer's customers.

19. Indemnification: (a) Seller shall indemnify Buyer against all liability that may result from any claim, action, or suit by any person, based on any alleged injury to or death of any person or damage to or loss of any property that may occur or that may be alleged to have been caused by the Seller in the course of performance of this Subcontract by the Seller. The Seller shall pay all charges of attorneys in connection therewith and, if any judgment shall be rendered against Buyer in any such action or actions, the Seller shall satisfy and discharge the same without cost or expense to Buyer. However, this indemnity shall not apply to claims, actions, or suits resulting from Buyer's negligence.

(b) Seller shall without limitation as to time, defend, indemnify and hold Buyer harmless from all liens which may be asserted against property covered hereunder, including without limitation mechanic's liens or claims arising under Worker's Compensation or Occupational Disease laws and from all claims for injury to persons or property arising out of or related to such property unless the same are caused solely and directly by Buyer's negligence.

20. Patent Indemnity: Seller shall indemnify Buyer, Buyer's customer and/or the Government and their respective officers, agents and employees against liability, including costs for infringement of any United States patent arising out of the manufacture or delivery of supplies under this purchase order or out of the use or disposal by, or for the account of, Buyer, Buyer's customer and/or the Government of such supplies. The foregoing indemnity shall not apply unless Seller shall have been informed as soon as practicable by Buyer. Buyer's customer and/or the Government of the suit or action alleging such infringement and shall have been given such opportunity as is afforded by applicable laws, rules or regulations to participate in the defense thereof. Such indemnity shall not apply if: (a) the infringement results from compliance with specific written instructions of Buyer directing a change in the supplies to be delivered or in the materials or equipment to be used, or directing a manner of performance of this purchase order not normally used by seller, or (b) the infringement results from an addition to, or change in, the supplies furnished made subsequent to delivery or performance by Seller, or (c) the claimed infringement is settled without the consent of Seller, unless required by decree of a court of competent jurisdiction.

21. Insurance. If this Subcontract is for the performance of services on Buyer's premises, or, Seller utilizes their own vehicles to deliver goods to Buyer's facility, Seller shall maintain the following insurance in at least the minimum amounts stated:

- (a) General Liability, Property Damage, Employer's Liability-\$1million
- (b) Workers Compensation Insurance – Statutory

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(c) Motor Vehicle Liability - \$1 million

Seller shall arrange a waiver of subrogation shall name Buyer as an additional insured under each of the above policies and shall provide to Buyer, within fifteen (15) days of Buyer issuance of this Contract, a Certificate of Insurance evidencing compliance with this section.

22. Release Of Information: Seller shall not publish any information developed under this Subcontract, nor disclose, confirm, or deny any details about the existence or subject matter of this Subcontract, or use Buyer's name in connection with Seller's sales promotion or publicity without prior written approval of the Buyer.

23. Disputes: The provisions of this Subcontract shall be interpreted in accordance with the laws of the State of [ref. State identified in Article XV of subcontract] without resort to said state's Conflict of Law rule, and in accordance with its fair meaning and not strictly against either party. Pending final resolution of a dispute hereunder, Seller shall proceed diligently with the performance of this Subcontract and in accordance with all the Terms and Conditions contained herein and with the Buyer's direction thereof. Buyer and Seller shall each bear its own costs of processing any dispute hereunder.

24. Assignments and Subcontracting: (a) Neither this Subcontract nor any interest herein nor claim hereunder may be transferred, novated, assigned or delegated by Seller; nor may all or substantially all of this Subcontract be further subcontracted by Seller without the prior written consent of Buyer. Lack of consent shall not be deemed as, or relieve Seller of, its obligations to comply fully with the requirements hereof.

(b) Notwithstanding the above, Seller may, without Buyer's consent, assign moneys due or to become due hereunder provided Buyer continues to have the right to exercise any and all of its rights hereunder, settle any and all claims arising out of, and enter into amendments to the Subcontract without notice to or consent of the assignee. Buyer shall be given prompt notice of any assignment. Amounts so assigned shall continue to be subject to any of Buyer's rights to set-off or recoupment under this Subcontract or at law.

(c) Buyer may assign this Subcontract to any successor in interest.

25. Government Contracts: For Subcontracts placed in support of and charged to a U.S. Government Contract: (i) the appendices to the Subcontract will include a list or lists of clauses set forth in the Federal Acquisition Regulation (FAR) or the Defense Federal Acquisition Regulation Supplement (DFARS) or any other Federally published Supplement; (ii) such appended FAR, DFARS, or other clauses are incorporated by reference as if set forth at length herein. The effective date of the aforementioned clauses in this Article 24 are in effect as of the date of the said contract.

26. Order of Precedence: In the event of a conflict between these Terms and Conditions and other portions of the Subcontract, the order of precedence shall be: (a) any typed provisions on the face of Buyer's Subcontract specifically modifying the terms of this Subcontract; (b) these Terms and Conditions; and, (c) any other provisions set forth in the Buyer's Subcontracts including any terms and conditions stated or referenced therein.

27. Independent Contractor Status: Seller is, and shall remain, an independent contractor during the performance of this Subcontract.

28. Communication with Buyer's Customer: Buyer shall be solely responsible for any and all communication with Buyer's customer regarding this or any related Subcontract.

29. Survival: All of the provisions of this Subcontract shall survive the termination (whether for convenience or default), suspension or completion of this Subcontract unless they are clearly intended to apply only during the term of this Subcontract.

30. Audit Rights: Buyer reserves the right to audit Seller's records to assure compliance with the terms of this Subcontract. Seller shall make available all data reasonably requested by Buyer.