

OAI ELECTRONICS, LLC TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE.** The purchase order incorporating these Terms and Conditions becomes a binding contract on the terms set forth herein, when it is accepted either by Seller's acknowledgement or by OAI within a reasonable time after OAI inspection, accepting delivery from Seller of one or more of the articles to be furnished by the Seller hereunder. No change in modification or revision of this order shall be valid unless in writing and signed by OAI.
2. **WARRANTIES.** Seller warrants the articles delivered hereunder to be free from defects in labor, material and manufacture, to be in compliance with the requirements of this contract and any drawings or specifications incorporated herein or with samples furnished by the Seller and, where design is the Seller's responsibility, to be free from defects in design. The foregoing warranties, as well as all others, whether express or implied (including any warranty of merchantability or fitness for purpose), shall be construed as conditions. If it appears within (1) year from the date of first use by OAI, its successors, assigns, customers, or the users of its products, that any article delivered hereunder does not meet the warranties specified herein, and OAI so notifies the Seller within such period of time or within a reasonable period of time thereafter, the Seller shall promptly thereupon, at no cost to OAI, correct any defect by repair or replacement. All warranties shall run to OAI, its successors, assigns, and customers, and to the users of its products.
3. **COMPLIANCE WITH STATUTES AND REGULATIONS.** Seller warrants and certifies that in the performance of this contract, it will comply with all applicable statutes, rules, regulations, and orders of the United States, and of any state and political subdivision thereof, including laws and regulations pertaining to labor, wages, hours, and other conditions of employment applicable price ceilings and the Buy American Act and that the articles delivered hereunder shall be produced in compliance with the Fair Labor Standards Act. Seller agrees to indemnify OAI against any loss, cost, liability or damage by reason of Seller's violation of this section.
4. **NON-DISCRIMINATION IN EMPLOYMENT.** In connection with the performance of work under this contract, Seller agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation, and selection for training, including apprenticeship. Seller agrees to post hereafter, in conspicuous places available for employees or applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause. If the contract is for standard commercial supplies or raw materials, the non-discrimination provisions of this paragraph are not applicable. The Seller will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of The President's Committee on Equal Employment Opportunity created thereby. We will not discriminate because of sex, disabled individual, disabled veteran or veteran of Vietnam Era.
5. **MATERIALS FURNISHED**
 - a. If OAI furnishes any material for fabrication hereunder, Seller agrees not to substitute any other material in such fabrication without OAI's written consent. Seller's shipper and invoice for final parts must contain the statement, "All material furnished by OAI on this contract (except that which became normal industrial waste or was replaced at Seller's expense) has been returned in the form of parts and unused material." Proceeds of scrap salvage shall accrue to Seller and are reflected in the prices stated herein.
 - b. Seller agrees that it will use any designs, tools, patterns, drawings, information and equipment furnished by OAI only in the performance of this contract and not otherwise, unless by OAI's written consent. Seller acknowledges the accuracy of tools and fixtures which OAI furnishes and all work must be in strict accordance with specifications. Upon completion or termination of this contract, all items furnished shall be returned to OAI. Unless otherwise specified in this contract, the contract price includes the cost of gauges, jigs, fixtures, dies, molds, tools, patterns, and similar property that may be obtained or required by Seller for use in the manufacture, fabrication, or assembly of the articles called for herein, and unless otherwise specified, title to such property with remain in the Seller.
6. **DISCOUNT DATE.** The date for the cash discount calculation is the date material is received or the date an acceptable invoice is received, whichever is later.
7. **OVERSHIPMENTS.** Only over shipments which are caused by conditions of loading, shipping, packing or allowances in manufacturing processes and which do not exceed 5% of the quantity called for will be accepted. In all cases quantity shown is to be delivered net and no excess will be accepted.
8. **ADVANCE MANUFACTURE AND SHIPMENT.** Seller shall not without OAI's prior written consent, manufacture in advance of Seller's normal flow time or deliver in advance of schedule. OAI may return, shipping charges collect, all articles received in advance of schedule.
9. **DEFAULT AND EXCUSABLE DELAYS.** OAI reserves the right to cancel this contract in the event of default by Seller or if shipments are not made within specified time. Such a cancellation shall be without prejudice to or waiver of OAI's right to recover damages therefore and shall not be construed as a rescission unless expressly so stated upon cancellation. Seller will not, however, be liable for damages occasioned by delays in delivery due to causes beyond Seller's control and without his fault or negligence, provided Seller promptly notifies OAI in writing as soon as such delay becomes apparent.
10. **TERMINATION.** OAI may terminate this order in whole or in part by written or telegraphic notice to Seller in accordance with the "Sub-Contract Termination Clause" contained in Armed Services Procurement Regulation 8-706, which clause, as of the date of this purchase order, is incorporated herein by reference and made a part hereof.
11. **INDEMNIFICATION.** In the event Seller, its employees, agents, subcontractors, and/or lower-tier subcontractors enter premises occupied by or under the control of OAI in the performance of this order, Seller agrees that it will indemnify and hold harmless OAI, Inc., its officers and employees, from any loss, cost, damage, expense or liability by reason of property damage or personal injury of whatsoever kind or nature arising out of, as a result of, or in connection with such performance, occasioned in whole or in part of the actions or omissions of OAI, Inc., its employees, agents, subcontractors, and/or lower-tier subcontractors, Seller agrees that it and its subcontractors and/or lower-tier subcontractors will maintain public liability and property damage insurance in reasonable limits covering the obligations set forth above, and will maintain proper workmen's compensation insurance covering all employees performing this order.
12. **DISCLOSURE OF INFORMATION.** Seller shall not, without prior written consent of OAI, disclose information relative to this order, except as may be required to insure performance.
13. **REPRODUCTION RIGHTS.** Seller does not have any reproduction rights to the articles ordered or any rights to use designs, drawings or other information belonging to or supplied by OAI in the manufacture or design of articles or materials for anyone other than OAI.
14. **PATENT INDEMNITY.** Seller agrees to indemnify and hold harmless OAI, its customers and other rightfully claiming under OAI against all claims, demands, and liability, including costs and fees, for actual or alleged infringement of any U.S. patent, trademark, or copyrights by reason of the use or disposal of the materials or articles called for hereunder, unless such infringement necessarily arises from the Seller's compliance with drawings, data or instructions of OAI directing the performance of work hereunder in a manner not normally practiced by the Seller.
15. **PROPERTY LIABILITY.** Seller shall be liable for the loss of or damage to OAI and/or Government property while such property is in Seller's possession, Seller shall maintain in a serviceable condition, preserve and account for all property furnished hereunder, and shall not use or dispose of same except in accordance with OAI written instructions. Seller shall also be liable for all losses to OAI occasioned by Seller's failure to furnish written notice to OAI within thirty (30) days from date that Seller receives the shipment, of loss of or damage to OAI and/or Government furnished property which loss or damage has been sustained prior to receipt of Seller's plant.
16. **INSPECTION AND RIGHT OF ACCESS.** All items are subject to final inspection and acceptance at destination notwithstanding any payments or inspection of source. Such final inspection and acceptance shall be conclusive except with respect to latent defects, fraud, such gross mistakes as amount to fraud, and the Seller's warranty obligations. Supplies to be furnished hereunder may be subject to be inspection by OAI, Government, or OAI's customer inspectors upon the premises of the Seller. Seller, without additional cost, shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of inspections, Seller shall make available to the inspector copies of all drawings, specifications and process, preservation and packaging data applicable to the articles ordered herein.
17. **ASSIGNMENT.** Neither this contract nor any interest herein may be assigned or otherwise transferred in any manner without the prior written consent of an OAI corporate officer. Subject to the granting of such consent, claims for monies due or to become due Seller under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract not already paid, shall not be made to more than one (1) party (except that any such assignment or reassignment may be made to one (1) party as agent or trustee for two (2) or more parties participating in such financing) and shall be subject to the right, hereby given, of OAI at any time to make deductions from assigned claims by way of setoff or recoupment, in the same manner that they could be made if such assignment did not exist. The right of setoff and recoupment shall exist whether or not the subject of the setoff or recoupment arose before or after the assignment or before or after any notice with respect thereto that Seller or its assignee may give to OAI. It is also a condition of this consent that, in the event that, in spite of the prohibitions herein contained, multiple assignees are involved, OAI shall be entitled to make recoupment or setoff against any assignee it selects, so long as such assigned payments would be subject to such setoff or recoupment were they not so assigned.
18. **CHANGES.** OAI may at any time, by issuing a Change Notice, and without notice to the sureties, make changes, within the general scope of this contract, in any one or more of the following: (i) drawings, designs, or specifications, where the supplies to be furnished are to be specially manufactured for OAI in accordance therewith; (ii) method of shipment or packing; (iii) place of delivery; and (iv) delivery Schedules. If any such change causes an increase or decrease in the cost of or the time required for, performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule or both, and the contract shall be modified accordingly. Any claim by the Seller or adjustment under the clause must be asserted within ninety (90) days from the date of receipt by the Seller of the notification of change; provided, however, that OAI, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under the contract. Nothing in this clause shall excuse the Seller from proceeding with the contract as changed.
19. **PRODUCT SAFETY AND PACKAGING.** All product must be handled, preserved, and packaged in a manner which prevents damage, deterioration or environmental contamination and assures product safety. The following minimum preservation requirements apply:
 - a. The supplier is responsible for ensuring that ESD sensitive product is manufactured, tested, handled, and identified in accordance with MIL-STD-1686, EIA JESD625, ANSI/ESD S20.20, or equivalent. The Supplier shall maintain an ESD program in accordance with MIL-STD-1686, MIL-HDBK-263, EIA JESD625, ESD S20.20 or equivalent.
 - b. The supplier is responsible for ensuring that moisture sensitive products are manufactured, tested, handled, and identified in accordance with IPC/JEDEC J-STD-033.
 - c. The supplier shall communicate risk of harm to persons or damage to property through use of product supplied, if known.
 - d. Each container shall be marked with OAI's Purchase Order number. Each container, of a multiple container shipment, shall be identified (i) to show the number of the container and the total number of containers in the shipment, and (ii) the number of the containers in which the packing sheet has been enclosed. Material for different Purchase Orders shall be listed on separate packing sheets.

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20. **SHIPPING INSTRUCTIONS.** Shipments must be made as specified on the face of the Purchase Order unless subsequently modified in writing by OAI. Seller shall replace, at no cost to any material which is not received by OAI unless Seller can establish, by Postal receipt or other evidence satisfactory to OAI, the shipment was in fact delivered to Post Office or the carrier.
21. **WAIVER.** The failure of OAI to enforce at any time any of the provisions of this contract, or to exercise any option which is herein provided, or to require at any time performance by the Seller of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this agreement or any part thereof, or the right of OAI hereinafter enforce each and every provision.
22. **LABOR DISPUTES.** Whenever the Seller has knowledge that any or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Seller shall immediately give notice thereof, including all relevant information with respect thereto, to OAI Purchasing Agent and, if this contract is issued under a Government Prime Contract, such notice shall also be given to the nearest representative of the Government Department concerned.
23. **GOVERNMENT PRIME CONTRACT REQUIREMENTS.** If it is indicated on the face of the Purchase Order form that this contract is issued under a Government Prime Contract, the following Armed Services Procurement Regulations in effect on the date of this contract are incorporated herein by reference to the extent such Regulations are in the Prime Contract and are required or permitted to be included in subcontracts, such Regulations applying to the Seller in the same manner that they apply to a prime contractor.

DAR 7-103.13 "Renegotiation"	DAR 52.232.8 "Utilization of Small Business Concerns"
DAR 9-104 "Notice and Assistance"	FAR 52.225-11 "Examination of Records"
FAR 52.222-26 "Equal Opportunity (1969 Jan)"	DAR 9-102 "Authorization and Consent"
DAR 106 "Filing of Patent Applications"	41 CFR 60-2 "Affirmative Action Programs"
FAR 52.249-8 " Default (Fixed-Price Supply and Service)."	41 CFR 60-250 "Affirmative Action Obligations of Contractors and Subcontractors for Disabled Veterans and Veterans of the Vietnam Era"
FAR 52.233-1/52.233-1 ALT 1 "Disputes"	41 CFR 60-471 "Affirmative Action Obligations of Contractors and Subcontractors for Disabled Workers"
DAR 9-203 "Rights in Data"	
15 CFR 700 "Defense Priorities & Allocations System (DPAS)"	
24. **EXAMINATION OF RECORDS.** If this order is issued under a Government contractor subcontract there under Seller's manufacturing plant (or such part thereof as may be engaged in work under the order), material and workmanship in connection therewith and Seller's books shall, at all times, be subject to inspection and audit by any person designated by the head of any executive department of the Government or by any Contracting Officer and Seller shall, for a period of seven years after final payment under the aforesaid prime contract preserve and make available for such inspection and audit, its books, records, documents and other evidence bearing on its costs and expenses under this purchase order, including records, documents and other evidence in respect of any termination hereunder.
25. **QUALITY ASSURANCE.** During the performance of this contract, Seller's quality control or inspection system and manufacturing processes are subject to review, verification and analysis by authorized government representatives. Government inspection or release of products prior to shipment is not required unless Seller is otherwise notified. This clause pertains to Government contracts only. Vendor hereby agrees to comply with the provisions of the Equal Opportunity Clause, incorporated in the Purchase Order by reference, as set forth in Paragraph 60-1.4 of the regulations of the Secretary of Labor (41 CFR Chapter 60), issued pursuant to Executive Order 11246 of Sept. 24, 1965. Vendor is aware and fully informed of its responsibilities under the Rehabilitation Act of 1973 Section 503 (41CFR 60-741) and Executive Order 11758 dated January 15, 1974 (41 CFR 60-250) and hereby agrees that it shall comply with the requirements of said orders.
26. **CHANGE NOTIFICATION.** Seller shall notify Buyer of any changes to product, processes, suppliers and/or facilities.
27. **RECORDS RETENTION.** As a minimum, records must be maintained for a period of ten (10) years after completion of this Purchase Order (PO) or as otherwise stated by this PO.
28. **NON-CONFORMING PRODUCT/MATERIAL REVIEW AUTHORITY.**
 - a. For Seller-designed Items, Seller has Material Review Authority, except for one or more Non-conformances that affect a parameter controlled by Buyer drawing or specification, where form, fit or function, interchangeability, service life or reliability is affected. Seller shall submit dispositions of non-conformances, if any, affecting any such parameter(s) to Buyer's MRB.
 - b. For Buyer-designed Items, Seller disposition authority is limited to scrapping of Items, eliminating the nonconformance by rework to specification, or returning to vendor. On Items of Buyer design, Seller shall document non-conformances for submittal to Buyer's MRB for dispositions as required by this PO.
29. **REQUIREMENTS FLOWDOWN.** Seller shall ensure PO flow down of applicable quality and technical requirements, and adequate methods of assuring compliance. Seller's suppliers shall be required to flow down and verify the requirements of supplies/services they subcontract.
30. **COUNTERFEIT WORK PREVENTION.**

SELLER shall plan, implement, and control processes for the prevention of counterfeit or suspect counterfeit work use and their inclusion in product(s) delivered to OAI.

 - a) For purposes of this clause, Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair but is altered and misrepresented as acceptable.
 - b) SELLER shall not deliver Counterfeit Work to OAI under this Contract.
 - c) SELLER shall only purchase products delivered or incorporated as Work to OAI directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by OAI.
 - d) SELLER shall immediately notify OAI of the pertinent facts if SELLER becomes aware or suspects that it has delivered Counterfeit Work. When requested by OAI, SELLER shall provide OCM/OEM documentation that authenticates the traceability of the affected items to the applicable OCM/OEM.
 - e) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Contract addressing the authenticity of Work. To the extent such provisions conflict with this clause, this clause prevails.
 - f) In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, SELLER shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, SELLER shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation OAI's costs of removing Counterfeit Work, of installing replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies OAI may have at law, equity or under other provisions of this Contract.
 - g) SELLER shall include paragraphs (a) through (e) and paragraph (g) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to OAI.
31. **AWARENESS.** The seller shall ensure that persons are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.
32. **CYBERSECURITY** The seller shall comply with and flow down as applicable DFAR 252.204-7012 "Safeguarding Covered Defense Information and Cyber Incident Reporting" (applies to Orders for operationally critical support or for which performance will involve covered defense information).
33. **SUPPLIER PERFORMANCE MONITORING** Performance of suppliers is monitored using metrics that include but are not limited to Quality and On-time Delivery of parts and services.
34. **SUPPLIER MATERIAL REVIEW BOARD (MRB) AUTHORITY** The Supplier does not have MRB authority to accept or repair nonconforming products relating to Buyer controlled drawings or specifications. Any nonconformance on such final deliverable product to the purchase order, buyer drawings, buyer specifications or applicable documents must be submitted to OAI for approval prior to usage or shipment, unless otherwise documented on the Buyer's Purchase Order.