

TERMS AND CONDITIONS

1. **ACKNOWLEDGEMENT AND ACCEPTANCE**
Acceptance of this Purchase Order is expressly limited to the terms of this Purchase Order. If any of Seller's terms of sale are in conflict with the terms of this Purchase Order, the terms and hereof shall govern unless Seller's terms are accepted in writing by Buyer. No oral agreement or other understanding shall in anyway modify this Order or the terms and conditions hereof. Seller's action in (a) accepting this Order, (b) delivering materials, (c) performing services called for hereunder shall constitute and unqualified acceptance of the terms and condition hereof.
2. **PRICE**
This order shall not be filled at prices higher than those shown on this order unless such increased prices have been authorized by the Buyer.
3. **SHIPPING INSTRUCTIONS**
All goods must be shipped in accordance with the shipping instructions stated and at the most advantageous rates. Any extra expense in effecting delivery of goods not so shipped will be charged to Seller.
4. **PACKING**
Seller shall be responsible for safe packaging, which must conform to the requirements of carrier's tariffs. Seller shall separately number all cases, packages etc. showing the corresponding numbers on the invoices. An itemized packing slip bearing Buyer's order number must be placed in each container. No extra charge will be made for packaging or packing materials unless authority is expressly incorporated in this Order.
5. **DELIVERY**
Time and rate of deliveries are of the essence of this Order. Buyer reserves the right to cancel this Order and reject the goods upon default by Seller in time, rate or manner of delivery. Buyer also reserves the right to refuse shipments made in advance of the schedule of deliveries appearing on the face of this Order.
6. **INVOICES**
Invoices shall be (a) be rendered separately, in triplicate, for each delivery, with bill of lading attached, (b) cover not more than one order, (c) be rendered with order number noted hereon. If invoice is subject to cash discount, the discount period will be calculated from the date the invoice is received by Buyer.
7. **TERMS**
Unless otherwise agreed in writing, cash discount terms apply the 10th of the month following Buyer's receipt of invoice and all shipping papers.
8. **WARRANTY**
The Seller warrants that all the materials or services delivered hereunder will conform to the design and specifications and to drawings, samples or other descriptions referred to in this order and will conform strictly to the requirements of this order and will be free from defects in materials and workmanship. Such warranties shall survive acceptance and payment and shall run to Buyer its successors, assigns, customers and the user of its products and shall not be deemed to be exclusive. Seller may not limit the remedies available to Buyer or the damages recoverable by Buyer arising out of breach of warranty.
9. **INSPECTION**
All articles are subject to inspection and test at place of manufacture or at destination, or at both places by Buyer's representative, and in case of orders to be supplied to or for the use of Government, subject to inspection and test by representatives of the Government. Any rejected material will be held subject to Seller's order and risk, or at Buyer's option, will be returned to Seller at Seller's expense. Any inbound transportation charges applicable to the rejected portion will also be charged to the Seller's account.
10. **INDEPENDENT CONTRACTOR**
The Seller shall perform hereunder as an independent contractor and not as an employee or agent of the Buyer.
11. **INDEMNITY AGAINST DAMAGES AND LIENS**
In case the Seller performs work hereunder on the Buyer's land and premises the Seller shall indemnify and save the Buyer harmless from and against all damages or injuries caused to persons or property by reasons or property by reasons of the Seller's operations hereunder other than for such damages caused by the negligence of the Buyer or his agents and further the Seller shall indemnify and save the Buyer harmless from and against any and all liens upon such land and premises, including without limitations, liens for labour performed and materials furnished, attaching as a result of any act or omission to act by the Seller or his subcontractors and the Seller shall also procure at Seller's expense the discharge, release or satisfaction of any and all notices of intention or other evidence of such liens or claims thereof.
12. **INSURANCE**
In accepting this order you agree that you have obtained or will obtain Public Liability Property Damage and Workmen's Compensation insurance covering your activities in performance under this order and of character and amount satisfactory to us and you agree to furnish us with a certificate or certificate of such insurance before you engage in such performance.
13. **CHANGES SPECIFICATIONS**
Buyer shall have the right by written order to make changes from time to time in the work to be performed or the materials to be furnished by Seller hereunder. If such changes cause an increase or decrease in the amount due under this Order or in the time required for its performance, and equitable adjustment shall be made and the Order shall be modified in writing accordingly. Any claim for adjustment must be asserted in writing within fifteen days from the date change is ordered. Nothing contained in this clause shall relieve Seller from proceeding without delay in the performance of this Order as changed.
14. **CONTINGENCIES**
Neither party hereto shall be liable to the other for default or delay in delivering or accepting goods hereunder if caused by fire, strike, riot, war, act of God, delay carriers, governmental order or regulation, complete or partial shutdown of plant by reason of inability to obtain sufficient raw materials or power and/or any other similar or different contingencies beyond the reasonable control of the respective parties.
15. **DEFAULT-BANKRUPTCY-CANCELLATION**
Buyer may cancel this order in whole or in part any time by written or telegraphic notice whenever Seller shall default in performance or shall fail to make progress in the work as to endanger performance.
16. **TOOLS AND MATERIALS**
Buyer shall retain title to any design, sketches, drawings, blueprints, patterns, dies, models, tools, plates, cuts, special appliances and materials furnished by or paid for by Buyer in connection with this Order. They shall be recorded and identified as property of Buyer and retained by Seller on consignment, subject to examination by Buyer. They shall be at Seller's risk and shall be replaced by the Seller if lost, damaged or destroyed. They shall be maintained in good condition at Seller's expense and kept insured by Seller with loss payable to Buyer. Such facilities shall be used exclusively in the production for Buyer of articles required by this Order and shall not be used for production of large quantities than those specified herein or in the production, manufacture, or design of any article for any other person without prior written consent of Buyer. Such facilities shall be subjected to disposition by the Buyer at any and all times, and upon demand they shall be returned to buyer including any

unused materials furnished by Buyer and all spoiled or defective materials on products which contain any secret or patented device unless Buyer shall otherwise direct. Nothing in this paragraph shall be construed as imposing any obligation on Buyer to furnish any such facilities.

17. TAXES

Except as may be otherwise provided in this order the contract price shall include all applicable taxes of any kind in effect on the contract date.

18. PATENT INDEMNITY

Seller agrees to defend, indemnify and save harmless the Buyer its successors, assigns and/or its customers in any way and all suits brought for infringement of letters Patent by reason of the use of the equipment or materials furnished hereunder by the Seller except where such equipment or materials is furnished upon drawings or designs furnished by Buyer.

19. CONFIDENTIAL RELATIONSHIP

Seller agrees to treat as strictly secret and confidential all specifications, drawings, blueprints, nomenclature samples, models and information supplied by Buyer. Unless the written consent of Buyer is first obtained. Seller shall not in any manner advertise or publish or release for publication any statement mentioning Buyer or the fact that Seller has furnished or contracted to furnish to Buyer articles required by this Order or quoted the option of any employees of Buyer. Seller shall not disclose any information relating to this Order to any person not entitled to receive it.

20. NOTICE OF LABOUR DISPUTES

Wherever an actual or potential dispute is delaying or threatening to delay the performance of this Order, Seller shall immediately give notice thereof to Buyer.

21. WAIVER

No waiver of any of the provision contained in this Order shall be valid unless made in writing and executed by both parties. No charges beyond the contract price herein specified will be allowed except with Buyer's written consent. Failure of Buyer to insist upon strict performance shall not constitute a waiver of any of the provisions of this order or waiver of any other default.

22. COMPLIANCE WITH LAW

Seller shall comply with all laws applicable to this order.

23. RECIPROCAL WAIVER OF CLAIMS

Whereas the product(s) and/or services covered by this Agreement may be deployed in defense against or to assist in the detection of an Act of Terrorism (as such term is defined under the Support Anti-terrorism by Fostering Effective Technologies Act of 2002) before it occurs, the parties each agree to waive all claims against the other (including those of or against their officers, directors, employees, subsidiaries, affiliates, agents, contractors, subcontractors or other representative) for losses, including business operation losses, resulting from or related to such Act of Terrorism. Each of the parties agrees to make a good faith effort to include a Reciprocal Waiver of Claims provision that is substantially similar to the one set forth in the immediately preceding sentence in its written agreements with third parties that are involved in the manufacture, sale, use or operation of the products.

THE FOLLOWING ARE REQUIREMENTS FOR ALL AS9100 PURCHASE ORDERS

24. The Seller, manufacturing to OSI Optoelectronics design, is required to notify the buyer of all non-conforming products, and make arrangement for OSI Optoelectronics' approval of Seller's nonconforming materials.

25. The Seller is required to notify OSI Optoelectronics of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain the organization approval.

26. The Seller will grant right access to the Buyer, their customer, and regulatory authorities to all facilities involved in the Order and to all applicable records.

27. The Seller is required to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristic where required.

28. Seller requires supplier and sub-tier suppliers to keep records on critical processes for ten (10) years.

29. WORKMANSHIP

Electronics materials and workmanship shall comply with the minimum of J-STD and IPC-A-610, class 3, current revision.

30. CERTIFICATE OF COMPLIANCE

The items being shipped or being performed against this order must be accompanied by a Certificate of Compliance that assures full conformity with

- 1) RoHS (if part compliance to RoHS)
- 2) Applicable drawings, specifications, and terms and conditions of this Order.

31. CoC STANDARD INFORMATION

OSI part number, Purchase Order number, Manufacturing Part number, Lot number and Date Code.

32. INSPECTION EVIDENCE

Seller shall maintain evidence of final inspection of material for a period of 10 years minimum or as directed by OSI Optoelectronics.

33. FIRST ARTICLE INSPECTION

First Article Inspection report shall be submitted in accordance to AS9102 with the part(s) that it represents. No production lots shall be shipped until written approval by OSI Optoelectronics. A new or delta first article must be completed when the items has not been manufactured in the past two (2) years, when a drawing change occurs, when a new supplier for a detail part is used or when the manufacturing process or location has changed

34. STATISTICAL QUALITY CONTROL

Statistical Quality Control applications used in acceptance of materials and/or processes by the Seller shall be permissible provided it is based on ANSI/ASQ Z1.4. Other generally recognized statistical control system requires OSI Optoelectronics' approval.