

## CSP, INC. TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE.** Agreement to Seller to furnish the materials or services here by ordered of its furnishing such materials or service in whole or in part shall constitute acceptance by Seller of this order subject to these terms and conditions in the event that this order does not state a price or give delivery dates. CSPI will not be bound to any prices or delivery to which it has not specifically agreed in writing. Any terms or conditions proposed by Seller in consistent with or in addition to the terms and conditions of purchase herein contained shall be void and of no effect unless specifically agreed to by CSPI. Modifications hereof or additions thereto to be effective must be made in writing and be signed by an officer of CSPI. These terms and conditions together with such modifications and with such data relating to price and delivery as are accepted in writing by an officer of CSPI constitute the entire agreement between the parties. These rights of both parties hereunder shall be in addition to their rights and remedies at law or equity. Failure of CSPI to enforce any of its rights shall not constitute a waiver of such rights or of any other rights.
2. **CHANGES.** CSPI shall have the right by written order to suspend work or to make changes from time to time in the services to be rendered of the materials to be furnished by Seller hereunder if such suspension or changes cause an increase or decrease in the cost of performance of this order in the time required for its performance, an equitable adjustment shall be negotiated promptly and the order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted in writing within 30 days from the date of receipt by Seller of modification of the change or suspension and shall be followed as soon as practicable with specification of the amount claimed and supporting cost figures. The Seller will be obligated not to effect any internal or external changes in dimensions, components, designs or processes without prior notification to CSPI.
3. **TERMINATION, BREACH OF CONTRACT, DAMAGES.** CSPI may by notice in writing direct Seller to terminate this order or work under this order in whole or in part at any time and such termination shall not constitute a default in such event unless Seller shall have default in performance hereof, CSPI and Seller shall have the rights and obligations contained in the Uniform Termination Clause for Subcontractors set forth in section 8.706 of the Armed Services Procurement Regulations as amended to the date of this order, which clause is hereby incorporated on all purchase orders from CSPI to Seller by reference and made a part thereof for both commercial and Government orders. The insolvency or adjudication of bankruptcy of, or the filing of a voluntary petition of bankruptcy or the making of an assignment for the benefit of creditors by the Seller shall be a material breach hereof in no event shall Seller be entitled to anticipatory profits or to special or consequential damages. In the event of Seller's default or potential inability to perform this order, Seller agrees upon demand by CSPI to deliver to CSPI the raw materials and work in process required in order to perform under this order and, CSPI may then complete the work deducting the cost of such completion from the price or in the alternative, pay to Seller the cost of such raw materials and work in process.
4. **SHIPPING DIRECTIONS.** Unless otherwise specified, for shipments to be at CSPIs risk, insure all parcel post shipments for \$100. All such parcel post shipments must carry the statement "return postage guaranteed". On shipments via Railway Express, Air Express, Air Freight, or Air Freight forwarded, truck, railroad or water route, do not insure if shipment is under \$1000. For shipments in excess of \$1000 consult CSPI for a determination. Unless otherwise specified, Seller shall preserve and package all deliverable material in a manner that will afford adequate protection against corrosion, deterioration, and physical damage during shipment. As a minimum, Seller must conform to common carrier rules and regulations.
5. **TIME OF DELIVERY.** Time is and shall remain at the essence of this order, failure to meet agreed upon delivery shall be considered a breach of the contract; furthermore, Seller agrees to pay to CSPI any penalty and damages imposed upon or incurred by CSPI for its failure to deliver to its vendees, when due, goods or equipment containing material covered by this purchase order when such failure is due in whole or in part to Seller's failure to deliver in accordance with delivery schedule herein. CSPI also reserves the right to refuse or return at Seller's risk and expense shipments made in excess of CSPIs orders in advance of required schedules, or to defer payment on advance deliveries until scheduled delivery dates.
6. **SPECIFICATIONS, WARRANTY, INSPECTION.** Material made in accordance with CSPIs specifications and drawings shall not be furnished or quoted to any other person or concern without CSPIs written consent. In the event of conflict between specifications, drawings, samples, designated type part number or catalog description, the specifications shall govern over drawings, drawings over samples, whether or not approved by CSPI and samples over designated type, part number or catalog description in cases of ambiguity in the specifications, drawing or other requirements of this order. Seller must before proceeding, consult CSPI, whose written interpretation shall be final. Seller warrants the materials delivered or services rendered on this order to be free from defects in workmanship, materials, and design, and to be in accordance with CSPIs specifications, drawings and/or samples in all respects. These warranties shall survive acceptance and payment, Seller shall be liable for and save CSPI harmless from any loss, damage, or expense whatsoever that CSPI may suffer from breach at any of these warranties. All material and workmanship shall be subject to inspection by CSPI before and after delivery. CSPI may accept any material that conforms to Seller's warranties and upon discovery of material not so conforming may reject or keep and rework any such materials not so conforming. CSPI may make 100% inspection or reject an entire shipment if CSPIs sampling plan indicates rejection at the 1% acceptable quality level (or such greater or lesser percentage as CSPI and Seller may agree upon in writing). Cost of rework, inspection, transportation, repacking and/or reinspection by CSPI shall be at Seller's expense.
7. **PROPRIETARY INFORMATION.** Seller agrees that proprietary information disclosed by CSPI for the purpose of this purchase order shall be used only in the performance of this purchase order and shall not, without the prior written consent of CSPI, be released or divulged to any other person or entity.
8. **CSPIs PROPERTY.** All specifications, drawings, tools, jigs, dies, fixtures, materials and other items which are supplied by CSPI which are to be furnished by Seller as an item or items on this order shall be confidential. They shall be and remain the property of CSPI (or of the United States Government or other party where the government or such other party has or acquires title thereto) and CSPI shall have the right to enter Seller's premises and remove them at any time without being guilty of trespass or liable to Seller for damages, of any sort. All such items shall be used only in the performance of work under the contract unless CSPI consents otherwise in writing. Seller shall prominently mark all such items as the property of CSPI (or as in the case may be of the United States Government or said other party) Seller shall also mark such items with the corresponding drawing number and/or Government number. Seller shall similarly list all such items on invoices and shall be responsible for them as an insurer until delivered to CSPI. Seller shall not dispose of any of this Article 8 herein above set forth shall survive delivery and payment, and remain in full force until all said items are delivered to CSPI or otherwise disposed of with CSPIs written consent. Seller shall without limitation as to time indemnify and save CSPI harmless from all claims which may be asserted against said property, including without limitation mechanics liens or claims arising under Workmen's Compensation or Occupational Disease Laws, and from all claims for injury to persons or property arising out of or related to such items, unless the same are caused solely and directly by negligence.
9. **PATENTS.** Seller warrants that the sale, use, or incorporation into manufactured products of all machines, devices, and material furnished hereunder which are not of CSPIs design, composition or manufacture shall be free and clear of infringement of any valid patent, copyright or trademark. Seller shall save CSPI and its customers harmless from any and all expenses, liability and loss of any kind (and the costs and expenses, including attorneys fees) growing out of claims, suits, or actions alleging such infringements, which claims, suits or actions Seller agrees to compose or defend.
10. **COMPLIANCE WITH LAW.** Seller warrants that the materials to be furnished and the services to be rendered under this order, and the classes of property described in Article 8, shall be manufactured, sold and used in compliance with all relevant Federal, State, and local laws and regulations. All invoices must carry the following certificate

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"Seller certifies that with respect to the production of the articles and/or the performance of the services covered by the invoice, it has fully complied with the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the United States Department of Labor under Section 14 thereof".

11. ASSIGNMENT. Seller may not assign monies due or to become due under this order without the prior written consent of CSPI, which will ordinarily be given subject to CSPI's standard conditions. In any case, assigned accounts shall be subject to set off, recoup or other claim of CSPI against Seller.
12. INDEMNITY AGAINST CLAIMS. Seller shall indemnify CSPI against all loss on account of claims of injury to persons (including death) or damage to property which may result in any way from any act or omission of Seller, or of its agents, employees or subcontractors. Sellers shall also maintain such Public Liability, Property Damage, Employer's Liability and Compensation Insurance and Motor Vehicle Liability (Personal Injury and Property Damage) as will protect Seller (or its subcontractors) and CSPI from said risks and from any claims under any applicable Workmen's Compensation or Occupational Disease status.
13. EQUAL EMPLOYMENT OPPORTUNITY. To the extent required by the Civil Rights Act of 1964. Section No. 3 Title VII is hereby incorporated by reference.
14. TAXES. The price stated on the face hereof includes all taxes. All local and state and federal excise, sales and use taxes, included in said price shall be stated separately on Seller's invoice.
15. GOVERNMENT CONTRACT PROVISIONS. If this order indicates that the products, materials and/or services furnished are for use in connection with a Government contract or subcontract, in addition to the above provisions, the applicable provisions of the Armed Services Procurement Regulations, as in effect at the date of this order are incorporated herein by reference.

Where necessary to make these clauses applicable to this purchase order, the term "Contracting Officer" shall mean CSPI and the term "Contractor" shall mean Seller.

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