

DSEC-PURCHASE ORDER TERMS AND CONDITIONS (DOMESTIC)

Throughout these terms and conditions, the seller of the Goods which are the subject of the Purchase Order and these Terms and Conditions shall be referred to as “You” or “Your”.

Your sale to Defense Suppliers Electronic Components (“DSEC”) is governed by these Terms and Conditions which are incorporated into and made a part of DSEC’s Purchase Order. By tendering products or services you indicate your acceptance of and agreement to be bound by DSEC’s Purchase Order and these Terms and Conditions. DSEC’s Purchase Order and these Terms and Conditions constitute the complete and exclusive agreement between the parties and supersede any prior agreements relating to the goods or services purchased hereunder (the “Goods”). No terms, conditions, prior course of dealings, course of performance, usage of trade, understandings, acknowledgements, invoices, or agreements purporting to modify, vary, waive, supplement or explain any provision of DSEC’s Purchase Order and these Terms and Conditions shall be effective unless otherwise specifically agreed to in writing by both parties. Any additional or different terms in your order acknowledgement or other document are hereby deemed to be material alterations and notice of objection to them and rejection of them is hereby given.

PRICES

DSEC shall not be billed at prices higher than those stated on the applicable purchase order. Unless otherwise specified, such price includes all charges for packing, storage and DSEC’s transportation to point of delivery. You must pay all delivery charges in excess of any delivery charge DSEC has agreed to pay. The price stated includes all taxes except state or local sales or use tax or similar taxes that You are required by law to collect from DSEC. Such taxes, if any, shall be separately stated in Your invoice and paid by DSEC unless an exemption is available. You agree that any price reduction made with respect to the Goods covered by DSEC’s purchase order subsequent to its placement but prior to payment will be applicable to such order.

DELIVERY

Unless you receive prior written approval from DSEC waiving the following conditions, DSEC will accept shipments from You only subject to the following conditions: (1) Shipment terms are FOB DESTINATION, (2) Goods received from You must be new, unused and in original factory packaging, (3) all shipments must be received by the due date set forth on DSEC’s purchase order because You understand and acknowledge that time is of the essence and (4) date codes, quantity, manufacturer and description must be exactly as indicated on DSEC’s purchase order without substitution. The order must not be shipped more than one week in advance of the time or times specified therein, without DSEC’s prior approval. When more than one shipment is made against any order, indicate “Final Shipping” on shipping papers and invoice accompanying the last shipment in the order. You may not ship excess quantities without prior approval. Except as otherwise provided herein, DSEC shall not be obligated to accept untimely, nonconforming, excess or under shipments and such shipments in whole or in part may, at DSEC’s option, be returned to you, or held for disposition at your expense and risk. DSEC reserves the right to stop payment, cancel or refuse an order or shipment if the terms on DSEC’s purchase order or these Terms and Conditions are not fully met.

WARRANTIES

You represent and warrant that the Goods to be delivered pursuant to DSEC's purchase order, shall not originate or be distributed from the People's Republic of China (PRC), unless obtained directly from the OEM or franchised distributor, will conform to all applicable specifications and will be merchantable, of good material and workmanship, free from defects and will be fit and sufficient for the purpose intended. These warranties shall be in addition to all other warranties, express, implied or statutory. Payment for, inspection of, or receipt of the Goods shall not constitute a waiver of any breach of warranty. Warranties shall be good for no less than 18 months.

NON-CONFORMING GOODS

Receipt by DSEC of Goods on a purchase order does not in and of itself constitute acceptance by DSEC of such Goods if the conditions set forth in these Terms and Conditions are not met. You agree that fraudulent/counterfeit parts have no value and any contract documents establishing a transaction involving fraudulent/counterfeit parts shall be declared "null and void." You and DSEC hereby agree that if DSEC or a testing laboratory chosen by DSEC determines that the electronic parts supplied are suspect/counterfeit or fraudulent/ counterfeit, then You have the right to: 1) agree with DSEC's findings and the transaction will be cancelled; or 2) verify DSEC's findings by contracting with a recognized test laboratory (hereafter referred to as "lab") agreed upon by both You and DSEC for further verification. If You accept DSEC's findings and choose to immediately void the transaction, the suspect electronic parts will not be returned to You unless and/or until an independent lab agreed to by both You and DSEC determine that the electronic parts are not suspect fraudulent/counterfeit or fraudulent/counterfeit. Under these circumstances, DSEC shall retain possession of the suspect electronic parts for a time period at least as long as the applicable statute of limitations under the appropriate authority(ies) having jurisdiction following the date upon which You received notification from DSEC that it was choosing to immediately void the transaction between them. Once this period has expired, then DSEC shall have the absolute right to destroy the subject electronic parts. If You exercise your right to have an independent lab determine whether the suspect electronic parts are fraudulent/counterfeit and the lab verifies the findings that the subject electronic parts are either suspect fraudulent/counterfeit or fraudulent/counterfeit, then You must issue an immediate refund of all monies paid by DSEC. DSEC and You agree that whether or not You fund all monies paid by DSEC, DSEC shall have the absolute right to reacquire possession of the subject electronic parts from the lab in order to prevent the subject electronic parts from being offered for sale through any other channels of distribution. In the event that You pursue your supplier, either in civil or criminal proceedings, You shall have the right, upon request, to receive and use a mutually-agreeable sample quantity of the parts sold for the purpose of pursuing those remedies. Upon completion of testing, samples will be returned to You, at which time You will then return them to DSEC. DSEC and You further agree that DSEC shall have the right to destroy the suspect electronic parts after expiration of the applicable statute of limitations under the appropriate authority(ies) having jurisdiction. Notwithstanding the above, if DSEC and You agree, in writing, that the parts can be immediately destroyed, the parts will be destroyed per their agreement so long as all civil or criminal actions, in which the suspect counterfeit/fraudulent electronic parts are the subject of the action, has been completed.

USE OF INFORMATION

You agree that all information heretofore or hereafter furnished or disclosed to DSEC by You in connection with the placing or filling of DSEC's Purchase Order is furnished or disclosed as a part of the consideration for DSEC's Purchase Order, that such information is not, unless otherwise agreed to in writing to be treated as confidential or proprietary, and that you may assert no claims by reason of the use or disclosure of such information by DSEC, its assigns or its customers. You may not in any matter advertise or publish the fact that you have furnished, or DSEC contracted to furnish, DSEC with the goods without the prior written consent of DSEC. You may not disclose any details in connection with DSEC's Purchase Order to any party except with DSEC's prior written consent.

DEFAULT CANCELLATION

DSEC reserves the right, by written notice of default, to cancel DSEC's purchase order, without liability to DSEC, in the event of the happening of any of the following: Your insolvency, the filing of a voluntary petition in bankruptcy by You, the filing of an involuntary petition to have You declared bankrupt, the appointment of a Receiver or Trustee for You, or the execution by You of an assignment for the benefit of creditors. If You fail to perform as specified herein, or if You breach any of the terms hereof, DSEC reserves the right, without any liability to DSEC upon giving You written notice, to (i) cancel this order in whole or in part, and You shall be liable to DSEC for all damages, losses and liability incurred by DSEC directly or indirectly resulting from Your breach, or (ii) obtain the Goods from another source with any excess cost resulting therefrom, chargeable to You, if such deficiencies are not remedied. The remedies herein provided shall be cumulative and in addition to any other remedies provided at law or in equity.

COMPLIANCE WITH LAWS

You agree to fully observe and comply with all applicable federal, state and local laws, rules, regulations and orders pertaining to the production and sale of the Goods, and upon request You shall furnish DSEC certificates of compliance with such laws, rules, regulations and orders.

INDEMNIFICATION

You agree to indemnify and hold harmless DSEC, its successors and assigns, customers and users of the Goods against all suits at law or in equity and from all damages, claims and demands arising out of the death or injury to any person or damage to any property alleged to have resulted from the Goods, and, upon the tendering of any suit or claim to You, to defend the same at your expense as to all costs, fees and damages, including reasonable attorney's fees. The foregoing indemnification shall apply whether You or DSEC defends such suit or claims and whether the death, injury or property damage is caused by the sole or concurrent negligence of You or otherwise.

INTELLECTUAL PROPERTY INDEMNIFICATION

You shall indemnify and save harmless DSEC, its successors, assigns, customers or users of the

Goods, from and against all loss, liability and damage, including costs, expenses, and reasonable attorney's fees, resulting from any claim that the manufacture, use, sale or resale of the Goods infringes any patent, trademark, copyright or other intellectual property, and You shall, when notified, defend any action or claim of such infringement at Your own expense.

ASSIGNMENT

Neither this order nor any rights or obligations herein may be assigned by You nor may You delegate the performance of any of your duties hereunder without, in either case, DSEC's prior written consent.

MEDIATION AND ARBITRATION

If a dispute arises out of or relates to this contract or the breach thereof and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation. Said mediation shall last a minimum of four hours and all of the costs associated with the mediation shall be divided equally between the parties. If the mediation is unsuccessful, the courts of the Brevard County, State of Florida, will have exclusive jurisdiction and venue of any dispute that arises out of or relating to this purchase order.

RIGHT OF ACCESS

DSEC and DSEC's Customers and/or other Regulatory Authorities shall have the right to access Sellers facilities and audit Seller's records pertaining to goods supplied under these conditions. Evidence of records required to prove conformance to these conditions shall be maintained for a minimum of ten (10) years from the date that goods ship to DSEC.

AWARENESS

Supplier's personnel are to be aware of their contribution to product or service conformity, to product safety and the importance of ethical behavior.

MISCELLANEOUS

You agree that you will reimburse DSEC for any cost associated with enforcement of DSEC's rights in connection with its transaction with you including but not limited to, collection costs, and court and attorney fees. If any provision hereof shall be unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the Purchase Order and these Terms and Conditions of Purchase and shall not affect the validity and enforceability of any remaining provisions. Any heading, caption, or paragraph title contained in these Terms and Conditions is inserted only as a matter of convenience and in no way defines or explains any paragraph or provision hereof.