

W R SYSTEMS, LTD.
TERMS AND CONDITIONS OF PURCHASE

1. DEFINITIONS. The following terms shall have the meanings set forth below, whether or not capitalized: (a) "Order" means this procurement; (b) "WR" means the party purchasing the Supplies; (c) "Seller" means the party furnishing the Supplies; (d) "Supplies" means what the Seller furnishes WR under this Order, including products and/or services; (e) "Loss" means any or all of the following: claims, liabilities, damages, losses, costs, or expenses (including reasonable attorney's fees and expenses and other legal costs).

2. ACCEPTANCE OF TERMS. Acceptance of all terms and conditions of this Order is mandatory and shall take place at the election of Seller by signing and promptly returning a copy of the signed order to WR, or by commencing performance of this Order. Any reference to any offer to sell, quotation, catalog or proposal is solely for the purpose of incorporating the description and specifications of the Supplies contained therein to the extent that such description and specifications do not conflict with the description and specification of this Order. Receipt by WR from Seller shall be deemed to be only upon the terms and conditions of this Order, notwithstanding any terms and conditions that may be contained in any proposal, acknowledgment, invoice, or other documentation issued by Seller.

3. PRICE. The price of the Supplies includes all applicable foreign, federal, state and local taxes, duties, fees or charges of any kind, unless otherwise stipulated in this order. Any applicable state and/or local sales and/or use taxes due on the Supplies shall be separately stated on all invoices. Seller shall not collect or include any sales and/or use taxes on Supplies for which WR provides Seller with an exemption certificate. Seller warrants that the prices, terms, warranties, and benefits contained in this order are comparable to or better than those offered to the Seller's most favored customers. No extra charges of any kind shall apply to this order.

4. WORK PRODUCT. Unless specified otherwise, any items, tools, materials, data, software (source and object) or other technical information developed or created by Seller in the performance of this Order shall be deemed a "work made for hire" within the meaning of the laws of

the United States and any similar laws of applicable jurisdictions, and shall be the proprietary property of WR. Such property shall be used solely for the benefit of WR, and shall be subject to disposition by WR at any time.

5. SAFETY. Seller shall take all necessary precautions to prevent any injury or damage to persons or property in the performance of this Order.

6. INSURANCE. Seller will maintain such General Liability, Property Damage, Automobile, Employers Liability, and Workers Compensation insurance as will protect WR from such risk of Loss and from any and all claims under any applicable law, statute, or regulation.

In the event that Seller will require access to any shipyards or vessels in the performance of this order, Seller shall maintain USL&H and/or other international maritime coverage as required by the shipyard and/or vessel owner.

As appropriate, WR reserves the right to have Seller name WR as Additional Named Insured. Seller shall provide adequate proof of insurance prior to beginning work on any premises where WR conducts business operations.

7. DELIVERY, TRANSPORTATION & PACKING. Time is of the essence and any specified delivery schedule is a material condition of this Order. If Seller does not comply with delivery schedule, WR may, in addition to any other rights, require delivery by fastest method, with any additional costs prepaid and absorbed by Seller.

Unless specified otherwise, all transportation charges must be prepaid. No insurance or premium transportation costs beyond the price listed in this Order will be allowed.

Risk of loss from any casualty, regardless of cause, shall be Seller's responsibility until Supplies have been delivered in compliance with the terms herein. Seller shall be responsible for safe packing in conformity with carrier's tariff.

Seller shall include an itemized packing list bearing the order number, description of items shipped, and any other information called for in this Order. One copy of the packing list shall be placed in/on the shipping package, one copy shall be forwarded to WR, and one copy shall

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accompany Seller's invoice. It is recognized by both parties that any amount shown on this Order for shipping charges may be an estimate. If the actual charges for shipping will exceed the amount shown by more than 100% or \$100 (whichever is less), Seller should obtain prior approval from WR prior to shipping.

8. EXPORTS. Exports exchanged under this Order may be subject to the export laws of the United States or other jurisdiction including, but not limited to the U.S. International Traffic in Arms Regulations (ITAR) and the U.S. Export Administration Regulations (EAR). The Seller shall not export, disclose or transfer any such Supplies directly or indirectly without compliance with these applicable laws and regulations.

9. PROPERTY. Seller is to exercise at least reasonable care with respect to any property furnished by WR. Seller is fully responsible in the event of loss for any WR furnished property. Allowing for reasonable wear and tear, any WR furnished property which has not been incorporated into Supplies delivered under this Order or consumed in the normal performance of work shall be returned to WR upon completion of this Order in the same condition in which it was received.

10. DEFAULT. Seller is in default upon occurrence of any of the following: (a) Seller fails to make delivery or fails to perform within the time specified; (b) Seller fails to comply with the Order provisions; and/or (c) Seller so fails to make progress as to endanger performance of this order in accordance with its terms. In these cases, WR may, at its option and in writing, provide a period within which Seller may cure its default prior to WR's terminating the order for default.

WR, by written notice to Seller, may terminate this Order, in whole or in part, if Seller is in default. Upon such termination, WR may re-procure, upon such terms as it shall deem appropriate, supplies similar to those so terminated, in which case Seller shall continue performance of this order to the extent not terminated and shall be liable to WR for any excess cost for such similar supplies. As an alternate remedy, WR at its sole discretion may elect (a) to extend the delivery schedule and/or (b) waive deficiencies in Seller's performance, in

which case an equitable reduction in the Price shall be negotiated.

If the failure to perform is the result of causes beyond the control of the Seller (generally accepted to include acts of god, public disturbances, labor disturbances, governmental acts, and/or WR acts) without fault or negligence, Seller shall not be liable for any excess costs for the failure to perform, unless the supplies or services to be furnished were obtainable from other sources in sufficient time to meet the required delivery schedule. The right and remedies of WR provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by this order or by law or equity.

11. CANCELLATION AND SUSPENSION OF WORK. WR reserves the right to cancel this Order, in whole or in part, or to require Seller to stop all or part of the work or delivery of services by written notice to Seller. Upon receiving such notice, Seller shall immediately comply and take all reasonable steps to avoid incurring any additional costs associated with the cancelled or stopped work. WR and Seller shall negotiate a mutually acceptable equitable adjustment to the schedule and/or price, provided Seller requests such change within 15 business days of the notice.

12. INSPECTION AND ACCEPTANCE OF THE SUPPLIES. If the delivered Supplies fail in any respect to conform to this Order, WR may reject the whole or any unit thereof. It is Seller's responsibility to furnish the proper quantities, labor, equipment, and other items called for by this Order.

Any variations in quantity, type, specifications or other element(s) of an item in this Order must be noted to WR and at the option of WR may not be accepted in the absence of WR's prior written consent. WR reserves the right to reject in whole or in part (or revoke acceptance if made without actual knowledge of the variation) any variations.

WR may reject supplies within a reasonable time (not less than 20 business days) after delivery. Acceptance does not of itself impair any other legal or equitable remedy for non-conformity. Acceptance may be revoked if it was made with the reasonable assumption that any non-conformity would be cured, the non-conformity was

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difficult to discover before acceptance, or is otherwise permitted by law or equity. Notwithstanding any other provision of this Order, Seller shall be responsible to correct, at its expense, all latent defects, which cannot be discovered by WR through reasonable inspection methods or time of use.

Upon rejection, WR at Sellers expense, and in addition to any other available recourse may: (a) correct or have Seller correct the nonconformity; (b) return such supplies (not to be replaced without suitable written authorization from WR); (c) have Seller exchange supplies on WR's schedule; (d) require the delivery of such supplies at a reduction in price that is equitable under the circumstances; or (e) terminate the order for default. In any event Seller shall be liable for any increased costs occasioned to WR thereby.

13. SET-OFFS. WR may set-off against any amounts payable to Seller hereunder (a) any undisputed claim or charge WR may have against Seller, (b) any amounts due to WR from Seller, or (c) any sum necessary to protect WR against any Loss due to the Seller's default.

14. CHANGES. WR shall have the right to make changes in this order. If any such change affects delivery or price, Seller shall notify WR immediately. Any claim for adjustment shall be submitted within 15 days from date of receipt by Seller of notification of change. No additional charge will be allowed unless authorized by WR in writing. Any change in this order shall be authorized only by a Change Order hereto duly executed by WR.

15. COMPLIANCE WITH LAWS. Seller warrants that all Supplies provided under this Order comply with all applicable foreign, federal, state, and local laws, rules and regulations. Furthermore, Seller shall render all Supplies required under this order in accordance with the applicable provisions of all applicable foreign, federal, state and local laws, rules, executive orders and regulations which are in effect at the time such Supplies are provided.

16. ASBESTOS CERTIFICATION. Seller certifies that the Supplies and/or packing do not contain materials containing hazardous asbestos.

17. INVOICES AND PAYMENT TERMS. Invoices shall be submitted in duplicate to the address shown on this Order. Invoice must contain the same order number, description of supplies/services, quantity, and price as per the Order. No invoice will be honored unless the requisite information is furnished. Any Seller invoice discount period or net payment period shall begin when both the invoice and the Supplies have been received and accepted.

Any prepayments and/or deposits made by WR in conjunction with this order shall be immediately refunded by Seller: (a) in full in the event of Seller's default; (b) to the extent that the prepayment exceeds any amounts due from WR to Seller in the event that this order is terminated subject to a Stop-Work order.

18. NON-DISCLOSURE. Proprietary and/or confidential information shall include (a) this Order, (b) information specifically identified by WR, (c) specifications, drawings, designs, manufacturing data and other information transmitted to Seller by WR in connection with the performance of this Order, (d) any information related to WR's competitive position in the industry and reasonably clear from context to be confidential, or (e) any information related to WR employee personnel records.

All such information shall remain property of WR and shall be disposed of at any time in accordance with WR's written instructions, or returned to WR promptly upon completion of this Order. Seller shall keep proprietary information and data confidential, and shall not now nor hereafter disclose such information to any entity without the express written consent of WR. At no time shall the Seller use the Proprietary Information to the detriment of WR. Information shall not be considered proprietary where such information: (a) is independently developed by Seller, (b) lawfully received from another source, free of restriction and without breach of this Order; (c) which is, or becomes generally available to the public without breach of this Order by Seller; or (d) which, at the time of disclosure, was known to Seller free of restriction and so

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evidenced by a writing in his/her possession. Nothing contained in this order shall be construed as granting or conferring any rights by license or otherwise in any proprietary and/or confidential information disclosed to Seller. Any information provided to WR shall not be deemed proprietary or confidential except as specifically provided in a license made a part of this Order or a separate non-disclosure agreement executed by WR.

19. INSOLVENCY. If Seller ceases to conduct its operations in the normal course of business (including without limitation the inability to meet its obligations as they mature), or if any proceeding under bankruptcy or insolvency laws is brought by or against Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by Seller, WR may terminate this order without liability, except for deliveries previously made or for supplies covered by this order then completed and subsequently delivered in accordance with the terms of the order, and WR shall have the right to produce and/or re-procure the balance of this order without liability. In addition, Seller shall, within ten days of a written request by WR, provide to WR any designs, specifications, assembly instructions, and/or source code necessary to permit WR to maintain the Supplies. If any Supplies provided by Seller under this clause are protected as intellectual property under any law or regulation (including without limitation patents, copyrights and trade secrets), Seller hereby grants to WR a fully paid-up, transferable world-wide license to use and copy the Supplies provided and distribute the supplies as well as products derived therefrom. Should Seller require payment for the rights granted in this clause, such payment shall be set forth on the face of this order as a separate item and shall only be due and payable if WR invokes this clause. This clause's provisions are in addition to those contained elsewhere in this order.

20. NOTICES. All notices from Seller to WR must be in writing and delivered to the address of WR' Purchasing Department indicated on this Order.

21. DISPUTES. Any dispute arising under this Order that is not settled by arrangement between the parties may be

settled by appropriate legal proceedings. Pending final resolution Seller shall proceed diligently with the performance of this order in accordance with the instructions of WR.

22. ASSIGNMENTS / SUBCONTRACTING. Neither this Order nor any interest herein may be assigned, in whole or in part, by Seller without the prior written consent of WR. Notwithstanding the above, Seller may assign any monies due or to become due hereunder, provided that such assignment shall not be binding upon WR until acknowledged by WR in writing.

Seller is hereby granted the right to subcontract any portion this Order, provided that all technical and quality requirements of this Order shall apply to all Seller's subcontractors. Seller shall include any applicable provisions of this Order (or equivalent terms) in any of Seller's subcontracts. This right to subcontract shall not be deemed an assignment of obligation and Seller shall remain liable under this Order regardless of subcontracts.

23. INDEMNIFICATION. Seller shall indemnify and hold WR, WR's customers, and those for whom WR may act as agent harmless with respect to any Loss insofar as such Loss (or actions in respect thereof) arises out of or is based on: (a) any breach of any of the representations, warranties, or agreements made by Seller in this order; (b) any claim of infringement as to any of the Supplies provided by Seller to WR; (c) any false claims or misrepresentation of fact submitted by Seller under this Order; (d) any bodily injury, including death and/or damage to property, caused by any Supplies provided by Seller; (e) any act or omission by Seller or its employees, servants, agents, or subcontractors at any tier; (f) any defective Supplies provided by Seller; (g) any breach by Seller of any express or implied warranties.

24. WARRANTY. Seller expressly warrants and guarantees to WR and to any subsequent purchasers or user of the Supplies: (a) that the Supplies will be fit for the specified purpose for which they are purchased by WR and will be free from defects and in strict accordance with the specifications set forth in this Order, and Seller agrees to replace, repair, or re-perform at Seller's expense any Supplies which shall be found defective or

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non-conforming; (b) that all services performed hereunder will be performed in a professional and workmanlike manner and in accordance with the highest standards, practices and codes of the industry applicable to such services; (c) that all laws applicable to furnishing labor and material or sales of merchandise have been fully complied with; (d) that all products are new unless otherwise stipulated in this Order. The warranties under this Order shall be in addition to any warranties otherwise provided by law.

25. FOREIGN CORRUPT PRACTICES ACT (FCPA) CERTIFICATION. Seller has not taken, and will not take, any action in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value, to any government official (including any officer, employee or official of a government, a government-controlled entity or political party or any person acting in an official capacity for or on behalf of any of the foregoing) (collectively, "Government Officials") or to any other person while knowing that all or some portion of the money or value will be offered, given or promised to a Government Official for the purposes of: (a) influencing any act or decision by such Government Official to do or omit to do any act in violation of his or her lawful duty, (b) securing any improper advantage, or (c) inducing such Government Official to use his or her influence with a government or instrumentality to affect any act or decision of the government or entity for the benefit of WR's business.

26. GOVERNMENT CONTRACTS. If this Order references a U.S. Government contract number, then any contract clauses which are required under law or regulation to be incorporated herein shall be considered incorporated by reference into this order (for example, if the order is a fixed-price order for supplies, or services that call for the delivery of supplies, then the FAR clause at 52.246.2, Inspection of Supplies—Fixed Price, is hereby incorporated by reference). These clauses are set forth in the U.S. Federal Acquisition Regulation (FAR) or the Agency Supplements thereto. Copies of the text of these clauses are available from WR upon request. Obligations of the "Contractor" to the "Government" as

provided in the government clauses shall be deemed to be the obligations of Seller to WR. The government clauses shall be those in effect at the time of award to WR of the referenced U.S. Government contract.

27. GENERAL. (a) If any provision of this Order is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable it is to that extent to be deemed omitted, and the remainder of this Order shall in no way be affected or impaired thereby; (b) failure of either party to enforce its rights under this Order shall not constitute a waiver of such rights or any other rights; (c) this Order shall be governed by and construed in accordance with the laws of the State where issued by WR. However, if the issue in dispute is not covered by the laws of the State, or if there is a conflict between the laws of the State and the Federal law, the court of the State shall apply the Federal law; (d) this Order represents the entire understanding and agreement between the parties and supersedes any prior oral or written agreements; (e) in the event of conflicting provisions, the following order of precedence shall prevail: (i) any terms and conditions expressly called out on the face of this Order; (ii) any referenced supplemental addendum attached to this Order; (iii) any referenced subcontract between the parties; (iv) the standard terms and conditions contained herein.

ANY TERMS AND CONDITIONS PROPOSED BY SELLER WHICH ARE IN ADDITION TO OR WHICH CONFLICT WITH THESE TERMS AND CONDITIONS ARE EXPRESSLY REJECTED BY WR AND SHALL BE OF NO FORCE OR EFFECT.