

SEI

Manufacturing, Inc.

FIXED PRICE PURCHASE ORDER TERMS AND CONDITIONS

This Agreement is subject to the following conditions:

1. AGREEMENT: The purchase order, terms and conditions provided here, and documents, specifications and/or drawings incorporated into the purchase order by reference (together referred to as "Agreement") shall constitute the entire agreement between SEI and the supplier. This Agreement supercedes any prior agreements, orally or in writing, that relate to this transaction. This Agreement constitutes Buyer's offer to purchase the materials, services, and articles, all of which are herein called "articles" described elsewhere in this Agreement, in accordance with its provisions which include the provisions set forth on the face of this Agreement, the provisions attached hereto, and the provisions incorporated herein by reference. Acceptance of this Agreement is expressly limited to the provisions hereof. Signing and returning the acknowledgment copy of this Agreement or, in any event, delivery or performance in whole or in part of the articles to be furnished hereunder shall constitute acceptance of this Agreement.

2. PARTIES TO THE AGREEMENT: In the remaining terms and conditions, the word "Buyer" shall mean SEI. The word "Seller" shall mean the supplier shown on the face of the purchase order. "Buyer" and "Seller" are the only parties to the agreement.

3. CONFLICTS: If any conflicts occur in the provisions of the foregoing terms and conditions and the typed provisions on the face of the purchase order, or any specifications attached hereto, then such conflicting provisions shall prevail in the following order of precedence: (a) the purchase order; (b) these terms and conditions; (c) documents, specifications and/or drawings.

4. SHIPPING AND BILLING INSTRUCTIONS:

a. Packing- Unless otherwise specified, standard commercial preservation, packing and packaging is acceptable. Do not make any charges for packaging or boxing since Buyer will not allow such charges. Do not combine in same container material for different receiving locations.

b. Marking-

Exterior containers must be marked with the following: (i) delivery address; (ii) quantity; (iii) purchase order number; (iv) part number (Buyer's and Seller's, if applicable); (v) prime contract number, if any; and (vi) any other special markings called for by this Agreement.

Interior/individual packaging must be marked with the following: (i) quantity; (ii) purchase order number; (iii) part number (Buyer's and Seller's, if applicable); (iv) prime contract number, if any; and (v) any other special markings called for by this Agreement.

c. Bill of Lading- The bill of lading must reference the purchase order number and correct ship to address. When delivery point is F.O.B. origin, make NO declaration of value on the bill of lading EXCEPT where a declaration of value will result in a lower total cost of shipment, and then declare such value as will entitle Buyer to the lowest applicable transportation rates. The original copy of the bill of lading shall be retained by Seller for one (1) year and provided to Buyer, if requested.

d. Routing- On Agreements where Buyer either pays for or reimburse Seller directly for shipping costs, ship in accordance with routing instructions furnished by Buyer. If such instructions are not received, Seller shall secure the least expensive transportation method consistent with good commercial practices for protection and shipment of the goods shipped.

e. Packing Slip- Include with each shipment of goods a packing slip which displays (where applicable) (i) the purchase order number; (ii) the item nomenclature/description; (ii) the item part number (Buyer's and Seller's); (iii) the item National Stock Number; (iv) the item serial number; and (v) the quantity of items.

f. Invoice- Render a separate invoice to Buyer's Financial Department on the day of each shipment made pursuant to this Agreement and indicate thereon: (i) the location to which the item has been shipped: (ii) the

SEI

Manufacturing, Inc.

FIXED PRICE PURCHASE ORDER TERMS AND CONDITIONS

purchase order number; (iii) the item nomenclature/description; (vi) the item part number (Buyer's and Seller's, if applicable); (v) the item National Stock Number (where applicable); (vi) the item serial number (where applicable); and (vii) the quantity of items shipped.

g. Test Report- Transmit Test Report, when required with the deliverable items as part of the data pack unless directed otherwise in the Agreement. Required test reports, in all cases, must be in Buyer's possession at the time the goods are received.

5. PACKAGING AND EXTRAS: No charges will be allowed for transportation, packaging, packing or returnable containers unless stated in this Agreement. Seller shall prepare and pack the articles to prevent damage and deterioration and to comply with carrier tariffs and Buyer's specifications, if any. Damage to any articles resulting from improper packaging will be charged to Seller.

6. HAZARDOUS MATERIALS: (a) If the materials or processes called for herein is known or suspected to be hazardous or toxic, then the outside of the container and packing sheet is to be identified with notification-Contents Hazardous or Toxic. (b) All containers of acids or any other substance that could be considered dangerous must be labeled, as required by law, in accordance with DOT Regulation, 49 CFR 171-177. (c) Labeling of organic solvents or materials containing organic solvents shall be in accordance with DOT Regulation 49 CFR 171-177. (d) Other hazardous materials must be properly defined, packaged, marked, labeled, described, and certified as required by DOT Regulation 49 CFR 170-189. (e) Buyer requires notification of specification or composition changes that may alter product properties, health effects, utility, or quality, including product impurities. (f) Seller shall provide an MSDS for each of the products listed herein. Seller is advised that introduction of new products will be made easier if MSDS's are provided in advance. (g) Seller shall:

- Mark on the outside wrap that material is to be refrigerated or perishable. Also, mark freight bill, courier document and seller's delivery ticket with source.
- Mark "Refrigerated" if material is shipped under refrigeration and is to remain refrigerated or if material had to be refrigerated immediately upon arrival to comply with applicable specification.
- Mark "Perishable" if material is not shipped refrigerated but has to be kept below a certain temperature or refrigerated after a specified length of time after manufacture.
- Not ship materials to SEI that will arrive on weekends unless specifically set forth by the undersigned.
- Identify "Expiration Date" on all shelf life limited items.

7. WARRANTY: Unless otherwise agreed to in writing by the parties, Seller warrants that articles ordered to specifications will conform thereto and to any drawings, samples or other description furnished or adopted by Buyer, or, if not ordered to specifications, will be fit and sufficient for the purpose intended, and that all articles will be merchantable, of good material and workmanship, and free from defect. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the articles and shall run to Buyer, its successors, assignees, and customers. Except for latent defects, fraud or such gross mistakes of Seller as amount to fraud, notice of any defect or nonconformity must be given by Buyer to the Seller within one (1) year after delivery, or one (1) year after receipt of satisfactory qualification test reports, if required there under, whichever is later. Buyer may, at its option, either return for credit or refund or require prompt correction or replacement of the defective or nonconforming article or part thereof. Return to Seller of any defective or nonconforming article and delivery to Buyer of any corrected or replaced articles shall be at Seller's expense. Defective or nonconforming articles shall not be corrected or replaced unless specified on Buyer's written order. Articles required to be corrected or replaced shall be subject to the provisions of this clause and the clause hereof entitled "Inspection" in the same manner and to the same extent as articles originally delivered under this Agreement, but only as to the corrected or replaced part or parts thereof.

8. INSPECTION: Buyer and Buyer's customer each reserve the right to inspect and/or test any or all work included in this Agreement at the Seller's facility at all times and places, including the place of manufacture.

SEI

Manufacturing, Inc.

FIXED PRICE PURCHASE ORDER TERMS AND CONDITIONS

Seller is required to reserve the right of Buyer and Buyer's customer to perform verification at Seller's lower tier subcontractor facilities to the extent necessary to assure product conformance. If any inspection or test is made on Seller's or Seller's subcontractor premises, Seller, without additional charge, shall provide all reasonable facilities, assistance and applicable documentation for the safety and convenience of Buyer and Buyer's customers. Such inspections and test shall be performed in such a manner as not to unduly delay the work. Buyer verification shall not, in anyway, replace Seller's source inspection or relieve the Seller of the responsibility for ensuring product quality. All articles are also subject to final inspection and acceptance at Buyer's plant notwithstanding any payments or other prior inspections.

9. INSPECTION OF RECORDS: If the Agreement is issued in support of a Government Prime Contract, Seller agrees that its books, records and its plant, or such parts of its plant as may be engaged in the performance of this Agreement, shall at all reasonable times be subject to inspection and audit by any authorized representative of any department of the United States Government.

10. CHANGES: Buyer may, at any time by written notice, make changes in the specifications, designs or drawings, samples, or other description to which the articles are to conform, in methods of shipments and packaging, or place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for, the performance of any part of the work under this Agreement, whether changed or not changed by any such order, an equitable adjustment shall be made in the price or delivery schedule, or both, and this Agreement shall be modified in writing accordingly. Any claim by Seller for an adjustment shall be made in writing within thirty (30) days of the receipt of any such notice. Nothing in this clause shall excuse the Seller from proceeding without delay to perform this Agreement as changed.

11. STOP WORK: Buyer may, at any time by written order to the Seller, require Seller to stop all or any part of the work called for this Agreement for a period of ninety (90) days and for any further period to which the parties may agree. Upon receipt of the stop work order, Seller shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by this Agreement. At the expiration of the stop work order Buyer shall either cancel the stop work Agreement or cancel this Agreement as provided in the Cancellation clause of this Agreement.

12. CANCELLATION: Buyer shall have the right to cancel this Agreement or any part thereof at any time: (a) Without Cause—In case of cancellation by Buyer of all or any part of this Agreement without cause, Seller shall be entitled to its costs already incurred in the performance of the work cancelled, plus (unless Seller would have sustained a loss on the entire Agreement had it been completed) a reasonable profit on such costs, which together may not exceed the contract price of the work cancelled, plus Seller's reasonable costs of settlement. Any cancellation claim must be submitted to Buyer within sixty (60) days after the effective date of cancellation. The provisions of this subparagraph shall not limit or affect the right of Buyer to cancel this Agreement for breach of contract and shall not apply to a breach of contract. (b) Breach of Contract—If Seller fails to cure any material failure to perform, discharge or fulfill its obligations under this Agreement including, but limited to, failure to make any delivery in accordance with the agreed delivery date or schedule or otherwise fails to observe or comply with any of the other instructions, terms, conditions or warranties applicable to this Agreement within ten (10) days after receipt of a written notice from Buyer that Buyer considers Seller to be in default under this Agreement, or fails to make progress so as to endanger performance of this Agreement or in the event if any proceedings by or against Seller in bankruptcy or insolvency or appointment of a receiver or trustee or an assignment for the benefit of creditors, Buyer may, in addition to any other right or remedy provided by this Agreement or by law, cancel all or any part of this Agreement by written notice to Seller without any liability by Buyer to Seller on account thereof.

13. INFRINGEMENT INDEMNITY: Seller hereby indemnifies Buyer, its successors, assignees, agents, customers, and users of the articles against loss, damage, or liability, including costs and expenses, including attorney's fees, which may be incurred on account of any suit, claim, judgment, or demand involving infringement of any patent, trademark, copyright or other proprietary rights in the manufacture, use, or disposition of any articles supplied hereunder, provided Buyer shall notify Seller of any suit instituted against it, and to the full extent of it's ability to do so, shall permit Seller to defend the same or make settlement in respect

SEI

Manufacturing, Inc.

FIXED PRICE PURCHASE ORDER TERMS AND CONDITIONS

thereto. Buyer does not grant indemnity to Seller for infringement of any patent, trademark, copyright, or data rights.

14. SOFTWARE LICENSE: Buyer is licensed to copy any software provided under this Agreement onto a computer memory device and to make back-up copies of such software. Unless otherwise provided for in this Agreement, or in a prior written agreement addressing the software provided hereunder, Buyer's sole obligation with respect to the software provided hereunder shall be to use such software in compliance with applicable U.S. copyright laws and regulations, irrespective of any other license agreement including, but not limited to, any license agreement packaged with such software.

15. FORCE MAJEURE: Neither party shall be liable for damages for delay in delivery arising out of causes beyond its reasonable control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy, acts of any Government authority, fires, floods, epidemics, quarantine restrictions, strikes, embargoes, or unusually severe weather. If the delay is caused by the delay of a subcontractor of Seller and if

such delay arises out of causes beyond the reasonable control of both Seller and the subcontractor, and without fault or negligence of either of them, Seller shall not be liable to Buyer in damages unless the articles or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Seller to meet the required delivery schedule. Seller will notify Buyer in writing within ten (10) days after the beginning of any such cause.

16. ASSIGNMENT: This Agreement may not be voluntarily assigned in whole or in part or subcontracted in whole or substantially in whole by either party without the prior written consent of the other party, except upon the merger, consolidation, or other transfer of all or substantially all of the assets of either party. Either party may, however, assign this Agreement to its wholly or majority owned subsidiaries without the prior written consent of the other, as long as the transferor remains liable there under and a written notification of the assignment is made to the other. The terms and conditions of this Agreement shall bind any permitted successors and assigns of either party. All claims for money due or to become due from buyer shall be subject to deduction or setoff by the Buyer by reason of any counterclaim arising out of this or any other transaction with seller.

17. SETOFF: Upon notice to Seller, Buyer may deduct from the amount due Seller under this Agreement either damages for any breach of this Agreement or amounts otherwise due Buyer from Seller, irrespective of whether the deduction is related to the goods or services provided by this Agreement.

18. INDEMNIFICATION:

(a) Seller covenants and agrees at all times to protect, defend, hold harmless and indemnify Buyer, its parent and affiliated companies, and their respective directors, officers, employees, successors, and assignees from and against any suits, actions, or legal proceedings of any kind brought against Buyer, or such other parties by or on account of any person, persons, or entities in any manner (howsoever arising, including without limitation, by reason of negligence, breach of warranty, defect in design, material, workmanship, services, or otherwise, and even though strict liability be claimed), directly or indirectly caused by, incident to, or growing out of defects in the design, manufacture or materials used in the goods, or negligence in the manufacture or installation of the goods or any other services supplied hereunder.

(b) Notwithstanding the above provision, Buyer shall have the right, at its own election, and without releasing any obligation, liability, or undertaking of Seller to indemnify Buyer hereunder, to;

- (i) cooperate in the defense of such claim, and
- (ii) with permission of the court, to intervene in any such suit or action, and
- (iii) supercede Seller in the defense of any such claims, suits, actions, or legal proceedings.

(c) Seller further agrees to:

- (i) promptly pay the settlement or judgment pertaining to all such claims, suits, actions, or legal proceedings to hold harmless and indemnify Buyer there from; and
- (ii) promptly pay the costs of attorneys' fees or other expenses incurred in any such defense, either by Seller and/or Buyer, and to hold harmless and indemnify Buyer there from.

SEI

Manufacturing, Inc.

FIXED PRICE PURCHASE ORDER TERMS AND CONDITIONS

(d) Seller agrees that in any instance where such claims in any way affect Buyer's interests under this Agreement or otherwise, Seller shall not consummate any settlement without Buyer's prior written consent.

(e) Seller's covenants of indemnity herein shall continue in full force and effect notwithstanding the termination of this Agreement.

19. BUYER'S PROPERTY: (a) All property used by Seller in connection with this Agreement which is owned, furnished, charged to, or paid for by Buyer including, but not limited to, materials, tools, dies, jigs, molds, patterns, fixtures, equipment, drawings and other technical information, specifications, and any replacement thereof, shall be and remain the property of Buyer subject to removal and inspection by Buyer at any time without cost or expense to Buyer and Buyer shall have free access to Seller's premises for the purpose of inspecting or removing such property. All such property shall be identified and marked as Buyer's property, used only for this Agreement and adequately insured by Seller at its expense for buyer's protection. Seller shall assume all liability for and maintain and repair such property and return the same to Buyer in its original condition, reasonable wear and tear accepted and when such property is no longer required hereunder, Seller shall furnish Buyer with a list thereof and shall comply with any Buyer disposition instructions applicable thereto. Buyer shall not be obligated to pay any invoices for tooling until the first article produced there from shall have been received and accepted. (b) Materials furnished by Buyer on other than a charge basis in connection with this Agreement shall be deemed to be held by Seller as bailee thereof. Seller agrees to pay Buyer's replacement cost for all such material spoiled or otherwise not satisfactorily accounted for over and above 2% thereof allowable for scrap loss. Notwithstanding the aforementioned, this clause shall not apply if

this Agreement is issued in support of a Government Prime Contract and is not a commercial item pursuant to Federal Acquisition Regulation Part 12. Instead, the applicable Federal Acquisition Regulation(s) shall govern.

20. DELIVERY: Time is of essence of this Agreement, and if delivery of items or rendering of services is not completed by the time promised, Buyer reserves the right without liability, in addition to its other rights and remedies, to terminate this Agreement by notice effective when received by Seller as to items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller with any loss incurred. Substitutions will not be accepted. The supplies must be delivered by the date(s) specified, but must not be delivered earlier than two (2) weeks prior to such date(s) unless prior approval for an earlier delivery is given in writing to Buyer.

21. DUTY TO PROCEED: Except as expressly authorized in writing by the Buyer, no failure of Seller and Buyer to reach any agreement provided by the terms of this Agreement shall excuse the Seller from proceeding diligently with the performance of this Agreement.

22. GRATUITIES: Seller warrants that neither it nor any of its employees, agents or representatives has offered or given any gratuities to Buyer's employees, agents or representatives with a view toward securing this Agreement or securing favorable treatment with respect thereto.

23. COMPLIANCE WITH LAWS: In the performance of this Agreement, Seller shall comply with all applicable federal, state and local laws and regulations.

24. NOTICE TO BUYER OF LABOR DISPUTES: (a) Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Agreement, Seller shall immediately give notice thereof, including all relevant information, with respect thereto, to Buyer. (b) Seller agrees to insert the substance of this clause, including the paragraph (b), in any subcontract hereunder to which a labor dispute may delay the timely performance of this Agreement.

25. EFFECT OF INVALIDITY: The invalidity in whole or in part of any provision hereof shall not affect the validity of any other provision.

26. RIGHTS, REMEDIES AND WAIVER: The rights and remedies provided Buyer herein shall be cumulative, and in addition to any other rights and remedies provided by law or equity. A waiver of a breach of any

SEI

Manufacturing, Inc.

FIXED PRICE PURCHASE ORDER TERMS AND CONDITIONS

provision hereof shall not constitute a waiver of any other breach.

27. DISPUTES: In the event that any claim or controversy arising out of this Agreement cannot be settled by the parties themselves, the parties agree to attempt in good faith to resolve such claim or controversy by mediation, in accordance with the Model Procedure for Mediation of a Business Dispute of the Center for Public Resources.

Any dispute which is not settled by agreement of the parties for such mediation may be settled by appropriate legal proceedings. Pending any decision, appeal or judgment in such proceedings or other settlement of any dispute arising under this Agreement, Seller shall proceed diligently with the performance of this Agreement in accordance with the decision of Buyer.

28. BUYER APPROVALS AND REVIEWS: The review or approval by Buyer of any work hereunder or of any designs, drawings, specifications or other documents prepared hereunder shall not relieve Seller of any of its obligations under this Agreement, nor excuse or constitute a waiver of any defects or nonconformities in any articles furnished under this Agreement, nor change, modify or otherwise affect any of the provisions of this Agreement, including, but not limited to, the prices and delivery schedules contained herein.

29. TAXES: Seller is liable for and shall pay all taxes, impositions, charges and exactions imposed on or measured by this Agreement except those Buyer specifically agrees or is required by law to pay and which are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges, and exactions for which Buyer has furnished an exemption certificate.

30. TITLE: Except if title has heretofore passed to Buyer or Buyer's customers under other provisions of this Agreement, title to the articles shall pass to Buyer upon delivery of the articles to the F.O.B. point named herein.

31. ATTORNEY FEES: In the event Buyer should bring an action for enforcement of the terms and conditions of this Agreement, Seller agrees that Buyer shall be entitled to award of its reasonable attorney's fees and court costs associated with such enforcement proceedings.

32. CHOICE OF LAW: This Agreement shall be governed by and construed and enforced in accordance with the internal law of the state shown in Buyer's address printed on the face of this Agreement, including its provisions of the Uniform Commercial Code, but specifically excluding the provisions of the 1980 U.N. Convention on Contracts for the International Sale of Goods.

33. ENTIRE AGREEMENT AND AMENDMENTS: This Agreement constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof and supercedes all prior negotiations, representations and agreements with respect thereto. No amendment or change of any kind shall be binding upon Buyer unless in writing and signed by an authorized representative of Buyer's purchasing department.