



M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER

ARTICLE I – COMMERCIAL SUPPLIERS

1. ENTIRE AGREEMENT

Upon acceptance of the accompanying Purchase Order, Seller/Supplier agrees to the following terms and conditions and Seller/Supplier further agrees that the provisions in the Purchase Order, including any and all documents which may be attached thereto, are incorporated by reference as if fully set forth in this document, and all such documents shall constitute the entire Agreement between the parties superseding any prior agreements relating to the subject matter hereof. References to the “General Provisions” and the “Agreement” shall be considered interchangeably. The “Purchase Order” is incorporated by reference as if fully set out in full.

“Seller” as used herein shall be the supplier or provider of goods and/or services to Buyer, including Seller’s employees, agents, participants, partners, or others performing on the Purchase Order;

“Buyer” as used herein shall be M2 Global Technology, Ltd., its partners, agents, customers, suppliers, employees, and others affected by this Purchase Order.

2. ACCEPTANCE

Seller’s unqualified acceptance of all terms and conditions in this Agreement is evidenced by the Seller’s acceptance of the associated Purchase Order invoking these general provisions. None of the terms and conditions, contained herein—including price—may be modified except by the written agreement of the parties, consistent with the applicable terms in this Agreement.

3. CHANGES

A. Buyer may at any time, by written notice or order:

- 1) make changes in the shipping and packing instructions;
- 2) increase or decrease the quantity ordered;
- 3) change the drawings, designs or specifications;
- 4) change the place of inspection, delivery or acceptance;
- 5) change the amount of Buyer furnished property.

B. If any of the above referenced changes may cause a variation in the cost of performance or the time required for performance, an equitable adjustment may be made in the Purchase Order price or delivery schedule and this Purchase Order shall be modified in writing accordingly. Any claim for adjustment under this Clause must be asserted in writing, with particularity, within thirty (30) calendar days from the date the change is ordered. Pending resolution of any such adjustment, Seller shall nevertheless proceed in accordance with such change notice or order.

C. Buyer’s engineering and technical personnel shall serve as liaison between the Seller and the Buyer concerning the items or services to be furnished under the Purchase Order. Such exchange of information or advice shall only authorize the Seller to change the articles, and shall only be binding upon Buyer if a change is made and authorized in accordance with Paragraph A. hereof.

D. Before production of items controlled by the Buyer’s drawing and/or specification, Buyer’s approval is required if changes to any of the following aspects of the items covered under the purchase order have occurred by the Seller since the most recent delivery to the Buyer:

- 1) Changes to the design, materials, software, or performance parameters
- 2) Changes to production processes
- 3) Change of sub-tier supplier or location of sub-tier supplier facility
- 4) Changes in location, layout, or ownership of the production facility

4. INSPECTION AND ACCEPTANCE

A. All work ordered hereunder and applicable records will be subject to inspection, testing, and/or verification (including production process verification) at the Seller’s or lower-tier Subcontractor’s plant by Buyer. Notwithstanding prior testing and inspections at Seller’s plant, all articles will be subject to final acceptance at Buyer’s plant.

B. The Seller shall provide and maintain a quality control and inspection system as part of a Quality Management System acceptable to Buyer, but approval of this system does not relieve the Seller of the obligation to perform complete, adequate, and additional testing. Buyer reserves the right to inspect, test, and count, at all times and places whether during or after manufacture. The Seller shall provide and shall require subcontractors to provide all reasonable facilities for the safety and convenience of Buyer’s inspection and resident personnel in furtherance of the performance of their duties. Buyer reserves the right to reject any or all lots of materials when samples drawn are at variance with the provisions set forth herein.

C. Rejected items or work may, at Buyer’s sole discretion and option, be returned to Seller at Seller’s expense for outbound and inbound shipments with risk of loss or damage upon the Seller, or such items or work may be accepted with an equitable adjustment in price. Upon rejection, Seller shall immediately refund previous payments which Buyer made or issue a credit memorandum for rejected items, whichever Buyer, at its sole discretion, may direct. Seller shall not resubmit rejected items for acceptance without a concurrent notice of the prior rejection.

D. If, after notice by Buyer, the Seller fails to promptly replace or correct any rejected item, Buyer may (1) replace or correct such item, and charge to the Seller the cost incurred by Buyer thereby, or may (2) without further notice, terminate this Purchase Order, declaring default, in accordance with Clause 7, entitled “Default”.

E. Responsibility for, and risk of, loss and damage to items to be delivered by Seller hereunder shall be upon Seller until final acceptance, except for loss or damage arising from gross negligence of Buyer.

5. WARRANTY

Seller warrants that all items ordered hereunder will be free from defects in design, workmanship and materials for one (1) year from date of acceptance by Buyer and that such items, and each of them, comply with all pertinent specifications. Buyer’s release or approval of data or drawings will not relieve Seller of any warranty hereunder. Any items corrected or furnished in replacement shall also be subject to all the provisions of this Clause to the same extent as items initially furnished. Buyer expressly retains all rights and remedies under warranty or contract to which it may be entitled under law or equity, in addition to the foregoing.

6. SUBCONTRACTS AND PURCHASE ORDERS

Seller will not subcontract any aspect of this Purchase Order without Buyer’s prior written authorization, for the design or procurement of any item or for any major component of any item ordered hereunder. This is not a restriction on authorized distributors or industrial suppliers. The Seller must flow down applicable requirements and specifications of the Purchase Order for the material hereunder to a lower-tier Subcontractor or Supplier.

7. DEFAULT

A. Time is of the essence in the performance of all provisions in this Purchase Order.

B. Buyer may, by written notice of default to the Seller, terminate this Purchase Order or any part thereof if the Seller fails: (1) to deliver the articles in accordance with the delivery schedule specified herein, or any extension thereof by change order or amendment, or (2) to replace or



M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER

correct defective items in accordance with the provisions of the Clause herein entitled "Inspection and Acceptance," or (3) to perform any of the other provisions of this Purchase Order, including failure to make progress which, in Buyer's sole discretion, determines that such failure to make progress could endanger full and complete performance of this Purchase Order in accordance with its terms and, in either of the circumstances specified in (2) or (3), above, Seller does not correct such failure within a period of ten (10) calendar days (or such longer period as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure or anticipated failure. In the event that this Purchase Order provides for the furnishing of items in more than one lot, the entire Purchase Order, including all lots, may be terminated for default upon Seller's failure as described in (1), (2), or (3) above, in connection with any one lot or part thereof, at Buyer's sole discretion.

- C. In the event of termination pursuant to this Clause, Buyer may purchase similar items elsewhere on such terms and in such manner as Buyer, in its sole discretion, may deem appropriate, and the Seller shall be liable to Buyer for any excess costs incurred by Buyer, or Buyer may, at its sole discretion, elect to extend the execution of the order and require compensation from the Seller for the losses sustained, including but not limited to, consequential damages.
- D. If, after notice of default under the provisions of B. above, it is determined the Seller was not in default, said notice shall be deemed to have been issued pursuant to the Clause 8 hereof entitled "Termination For Convenience of Buyer" and the rights and obligations of the parties hereto shall be governed by that Clause.
- E. Failure of Buyer to enforce any right under this Clause shall not be deemed a waiver of any right hereunder. The rights and remedies of Buyer under this Clause shall not be limited as such, but are in addition to any other rights and remedies provided by law or under this Purchase Order.

8. TERMINATION FOR CONVENIENCE OF BUYER

- A. The performance of work under this Purchase Order may be terminated by the Buyer in accordance with this Clause in whole or in part, whenever the Buyer shall determine, in its sole discretion that such termination is in its best interests. Any such termination shall be effected by delivery to the Seller, at its designated address, of a written Notice of Termination specifying the extent, whether in whole or in part, to which performance of work under the Purchase Order is terminated and the date upon which such termination becomes effective.
- B. After receipt of a Notice of Termination, and except as otherwise directed by the Buyer, the Seller shall:
 - 1) stop work under the Purchase Order on the date and to the extent specified in the Notice of Termination;
 - 2) place no further orders or subcontracts, whether previously authorized or not, or for materials, services or facilities, except as may be necessary for completion of such portion of the work under the Purchase Order as is not terminated;
 - 3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination;
 - 4) assign to Buyer, in the manner, at the times, and to the extent directed by the Buyer, all of the right, title, and interest of the Seller under the orders and subcontracts so terminated, in which case Buyer shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
 - 5) settle all outstanding liabilities and all claims arising out of such termination for orders and subcontracts,

with the approval or ratification of the Buyer which shall be final for all the purposes of this Clause;

- 6) transfer title and deliver to Buyer, in the manner, at the times, and to the extent, directed by the Buyer: (a) the fabricated or un-fabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of the work terminated by the Notice of Termination, and (b) the completed or partially completed plans, drawings, information, and other property which, if the Purchase Order had been completed, would have been required to be furnished to Buyer;
- 7) use its best efforts to sell, in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Buyer, any property of the types referred to in (6) above; provided, however, that the Seller shall (a) not be required to extend credit to any purchaser, and (b) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Buyer; and (c) provided further that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by Buyer to the Seller under this Purchase Order or (d) paid in such other manner as the Buyer may direct;
- 8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and
- 9) take such action as may be necessary, or as the Buyer, in its sole discretion may direct, for the protection and preservation of the property related to this Purchase Order which is or may be in the possession of the Seller and in which Buyer has or may acquire an interest.
- 10) **Seller agrees to cooperate with Buyer in all matters dealing with termination, including, but not limited to the providing of all information whether in writing or otherwise which will assist Buyer in its termination of this Purchase Order and all ancillary efforts attendant thereto.**
- C. The Seller shall submit to the Buyer, within twenty-one (21) calendar days from receipt of the Notice of Termination, a list certified as to quantity and condition, of any and all items of termination inventory not previously disposed of, exclusive of items, the disposition of which, have been directed or authorized by the Buyer, and Seller may request Buyer to remove such items or enter into a storage agreement regarding them. Not later than fifteen (15) calendar days thereafter, Buyer may accept title to such items and either remove them or enter into a storage agreement regarding them, provided, that the certified list submitted shall be subject to verification by the Buyer upon receiving such items for removal, or if the items are to be stored, within forty-five (45) days from the date of submission of the certified list. Any necessary adjustment to correct the certified list submitted shall be made prior to final settlement.
- D. After receipt of Notice of Termination, the Seller shall submit to the Buyer its termination claim, in the form and with certification prescribed by the Buyer. Such claim shall be submitted promptly but in no event later than thirty (30) calendar days from the effective date of termination.
- E. Subject to the provisions of Clause 8 and the subparts there under, the Seller and the Buyer may agree upon any amount to be paid to the Seller by reason of the total or partial termination of work pursuant to this Clause, which amount may include a reasonable allowance for profit on work done; provided, that such agreed amount, exclusive of settlement costs, shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the Purchase Order price of work not terminated. The Purchase Order shall be amended accordingly, and the Seller shall be paid the agreed amount.



M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER

9. CONFIDENTIALITY; INTELLECTUAL PROPERTY

All specifications, drawings, blueprints, samples, models, methods, processes, formulae, or other information supplied by Buyer is confidential, and may be proprietary to, or patent or copyright protected by, M2 Global Technology, Ltd. its partners, agents, providers, suppliers, or customers, and may not be used, transmitted, or otherwise revealed to any person or entity without the appropriate written approval by the person or entity so protected. Material made in accordance with Buyer's specifications and drawings shall not be furnished or quoted to any person or entity without Buyer's consent. All spoiled or defective materials or products which contain any secret, proprietary, or patented device shall be subject to disposition by Buyer and must be returned to Buyer upon demand.

10. ADVERTISING AND/OR NEWS RELEASES

Seller shall not, without the prior written consent of Buyer, use in advertisement and/or any other media, information relating to the requirements set forth in the Purchase Order, nor display any logo, trademark, or other identifier or reference to M2 Global Technology, Ltd., its affiliates, partners, suppliers, or customers. Seller shall formally transmit to the Buyer a request for such releases for use, including the exact wording and any sketches or photographs which may form a part of the release or any modifications thereof.

11. INDEMNITY FOR INFRINGEMENT

The Seller shall, at its expense, hold harmless and defend Buyer, its partners, agents, suppliers, and customers and all persons or entities claiming against or under Buyer, in any lawsuit for the infringement of any patent, copyright or trademark, or other protected intellectual property and shall indemnify the aforesaid parties for all damages, including consequential damages, costs, expenses of suit, including reasonable attorneys' fees, expert fees, and litigation costs, arising there from by reason of any claim, whether valid or unfounded arising from the manufacture, sale or use of the items covered by this Purchase Order. Seller shall be given adequate notice of such claims, and shall assume full responsibility for the defense thereof. Seller shall keep Buyer fully informed of the progress of such claim or lawsuit, and shall inform Buyer of any proposed settlement, accord, release, or possible judgment affecting Buyer in any way. Seller will hold harmless, and will indemnify the Buyer, its partners, affiliates, and/or customers for any monetary damages arising from this Purchase Order and from claims arising from the transaction or items which are the subject of this Purchase Order.

12. SHIPMENTS AND ADVANCE COMMITMENTS

- A. Each container, and accompanying packing lists, must show the Purchase Order number. No charge shall be made for packing, delivery or similar costs, unless expressly authorized in the Purchase Order. All items shall be suitably prepared for shipment to secure the lowest transportation and insurance rates and to meet the carrier's requirements for such shipment.
- B. Buyer may, at its option, either retain items received in advance of the delivery schedule or return them to Seller at Seller's risk and expense; if retained, time for payment and discount shall be based on scheduled delivery dates.
- C. Seller shall place all orders for and schedule deliveries of materials and parts necessary for its performance under this Purchase Order at such times as will enable Seller to meet, but not unreasonably anticipate the schedule of deliveries set forth herein.
- D. In the event of termination or changes to this Purchase Order, Buyer shall not be liable for any charges or costs arising out of commitments made by Seller for the advanced acquisition of said materials and parts, or for any work performed hereunder in advance of the time necessary to meet the delivery schedules set forth in the Purchase Order, unless Buyer has given its prior written consent to such advance commitments or work.

13. PAYMENT

Seller shall submit invoices in duplicate, each of which shall contain the following information: Purchase Order number, item number, description of items or service performed, sizes, quantities, unit prices, and extended totals. Invoices submitted hereunder will be paid within thirty (30) calendar days after receipt of invoices and final acceptance of delivered items by Buyer. Any adjustment in Seller's invoices due to shortages, late delivery, rejections or other failure to comply with the requirements of this Purchase Order may be made by Buyer before payment. Cash discounts will be taken from date of receipt of goods or services. Payment does not constitute final acceptance.

14. BUYER'S PROPERTY

All technical information or data, methods, processes, formulae, designs, sketches, drawings, blueprints, patterns, dies, models, molds, tools, rigs, fixtures, plates, cuts, special appliances and materials furnished by or paid for by Buyer in connection with this Purchase Order shall be and remain the property of the Buyer. Buyer shall have the right to enter Seller's premises and to remove any such items at any time, without being guilty of trespass or liable for damages of any sort. All such items described above shall be used only in performance of work under this Purchase Order, unless Buyer consents otherwise, in writing. Seller shall prominently mark all such items as property of Buyer. Seller shall also mark such items with the corresponding drawing number. Seller shall similarly list all such items on invoices, and such items shall be used at Seller's risk and shall be replaced by Seller if lost, damaged, or destroyed, or shall otherwise be liable to Buyer as stated in this Agreement. These items shall be maintained in good condition at Seller's Expense and shall be kept insured by Seller, with loss payable to Buyer. Seller shall not dispose of any such items without Buyer's written consent. The provisions of this Clause shall survive delivery and payment, and remain in full force until all said items are delivered to the Buyer or otherwise disposed of with Buyer's written consent. Seller shall, without limitation as to time, indemnify and save Buyer harmless from all claims which may be asserted against said property, including, without limitation, mechanic's liens or claims arising under workers' compensation or occupational disease laws, and from all claims arising from injury to people or property related to such items.

15. NOTICE TO BUYER OF LABOR DISPUTES; FORCE MAJEURE

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of the Purchase Order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer.

No Party to these Agreements shall be liable to the other Party for failure or delay in the performance of any of its obligations under these Agreements to the extent, and only to the extent, that such failure or delay is caused by riots, civil commotion, terrorist acts, wars, hostilities between nations, governmental laws, orders or regulations, embargoes, actions by any government or any agency thereof, Act of God, storms, fires, accidents, strikes, sabotage, explosions, or other similar or different contingencies beyond the reasonable control of the affected Party (separately or collectively, an "Event of Force Majeure"). Promptly upon becoming aware of a Force Majeure event that will delay performance hereunder, or, if there is no previous awareness of such event, not later than the date immediately following the date of commencement of any Event of Force Majeure as an acceptable cause for delay in performance of any obligation hereunder, the Party who is unable to perform or is delayed in performance shall send written notice to the other Party setting forth the date, nature and expected duration of such Event of Force Majeure. The Parties shall use reasonable efforts to mitigate the effects of any Event of Force Majeure and shall, through consultation, decide whether to terminate these Agreements or to exempt the affected Party of obligations for implementation of these Agreements or whether to delay the execution or implementation of these



M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER

Agreements in accordance with the effect of the Event of Force Majeure on the performance of these Agreements.

16. DATA – WITHHOLDING OF PAYMENT

If technical data (as used elsewhere in this Purchase Order) or any part thereof, is not delivered within the time specified in the Purchase Order or is deficient upon delivery (including having restrictive markings not specifically authorized by the Purchase Order), Buyer may, until such data is delivered or deficiencies are corrected, withhold payment to the Seller of ten percent (10%) of the Purchase Order price, unless a lesser amount is set forth in the schedule.

17. ASSIGNMENT

Seller shall not assign any right or claim under this Purchase Order without the prior written consent of Buyer and any such attempted assignment shall be void, *ab initio*. All claims for monies due or to become due from Buyer shall be subject to deduction by Buyer for any setoff or claims which Buyer may have against Seller arising out of this or any other Purchase Order Buyer may have with Seller, whether such set-off or counterclaim arose before or after any such assignment by Seller.

18. STOP WORK ORDER

- i. Buyer may, at any time, by written order to the Seller, require the Seller to stop all, or any part of the work called for by this Purchase Order for a period of ninety (90) calendar days after a Stop Work Order is delivered to the Seller, and for any additional period to which the parties may agree. Any such order shall be specifically identified as a Stop Work Order issued pursuant to this clause. Upon receipt of such an order, the Seller shall forthwith comply with its terms and take all reasonable steps to prevent or minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of ninety (90) calendar days after a Stop Work Order is delivered to the Seller, or within any extension of that period to which the parties shall have agreed, Buyer shall either:
 - 1) Cancel the Stop Work Order; or
 - 2) Terminate the work covered by such order as provided in the “Termination For the Convenience of the Buyer” Clause of the Purchase Order and this Agreement.
- B. If a Stop Order issued under this Clause is cancelled or the period of the order or any extension thereof expires, the Seller shall resume work on the Purchase Order. At Buyer’s sole discretion, an equitable adjustment may be made in the delivery schedule, the Purchase Order price, or both, and the Purchase Order shall be modified in writing accordingly, if:
 - 1) The Stop Work Order results in an increase in the time required for performance, or in the Seller’s cost, properly allocable to the performance of any part of the Purchase Order; and
 - 2) The Seller asserts a claim for such adjustment within thirty (30) calendar days after the end of the period of work stoppage, provided that, if Buyer decides, in its sole discretion, that the facts justify such action, it may receive and act upon any such claim asserted at any time prior to final payment under the Purchase Order.
- C. If a Stop Work Order is not cancelled and the work covered by such order is terminated for the convenience of Buyer, the reasonable costs resulting from the Stop Work Order shall be allowed in arriving at the termination settlement.

19. TEXAS LAW TO GOVERN; ARBITRATION

The Purchase Order, this Agreement, or any claim or litigation arising there from shall be construed according to the laws of the State of Texas, a Uniform Commercial Code State, and the Seller and the Buyer agree to venue in a court of appropriate

jurisdiction in Bexar County, Texas. The Buyer and Seller agree to binding Arbitration under American Arbitration Association regulations in lieu of litigation except as specified hereafter. In the event of arbitration, the prevailing party shall be entitled to recover its arbitration costs, reasonable attorneys’ fees, and expert witness fees, in addition to any award, whether monetary or equitable, which may be awarded by the arbitrator deciding any such dispute.

The parties shall not be precluded from seeking emergency relief from a court of appropriate jurisdiction and the parties recognize and submit that irreparable injury may result from a material breach of this Agreement and the Purchase Order.

20. CONFLICTS

In the event of conflicts in any of the provisions of the terms and conditions herein or the typed provisions in the Purchase Order, or in any other attachment hereto which is incorporated by reference, or in any specifications attached hereto, such conflicting provisions shall prevail in the following order of precedence:

- 1) Typed provisions in the Purchase Order
- 2) optional provisions which are incorporated by reference
- 3) this Agreement/General Provisions
- 4) specifications

21. BANKRUPTCY

Buyer may, without incurring any liability whatsoever, except for payment of items delivered and accepted, terminate the Purchase Order by notice in writing, in the event that:

- 1) Seller makes an assignment for the benefit of creditors; or
- 2) Admits in writing, its inability to pay debts as they mature; or
- 3) A trustee or receiver of all or of a substantial part of Seller’s assets is appointed by any court; or
- 4) A proceeding is instituted under any provision of the Federal Bankruptcy Act by or against Seller and is acquiesced in or is not dismissed within 60 calendar days or results in an adjudication of bankruptcy.

22. EFFECTS OF INVALIDITY

The invalidity in whole or in part of any provision of this Agreement/Purchase Order shall not affect the validity of any other provisions and such shall remain in full force and effect.

23. REMEDIES AND NONWAIVER

Except as otherwise expressly provided, the remedies herein provided shall be cumulative and in addition to any other remedies in law or equity. No waiver of a breach of any provision of this Agreement/Purchase Order shall constitute a waiver of any other breach, or of such provision.

24. COMPLIANCE WITH LAW

Seller agrees that in the performance of the Purchase Order it, its employees, subcontractors and others in participation with Seller, shall comply with all applicable federal, state, and local laws, regulations, rules and orders, including but not by way of limitation, the provisions of the Fair Labor Standards Act of 1938, as amended, and any applicable Executive Orders.



**M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER**

25. NONCONFORMING MATERIAL

Nonconforming material is a term used to denote raw materials, parts, components, assemblies, and finished goods at any stage of the production cycle in which one or more quality characteristics do not conform to design specifications and Buyer's requirements.

If nonconforming material is identified by the Seller, immediate action must be taken to eliminate the detected nonconformity and prevent delivery to the Buyer. Seller must notify and obtain approval from the Buyer regarding the disposition of any material hereunder found to be nonconforming. Nonconforming material that is corrected must be reverified or retested to ensure conformance to the original requirements or specifications.

If any material hereunder is determined to be nonconforming by the Seller following delivery to the Buyer, the Seller must provide timely notification to the Buyer of the nonconformity and the effects, or potential effects, of the nonconformity.

Should it become necessary for Buyer to return any nonconforming material hereunder, Buyer will return it collect, uninsured, except as provided below, F.O.B. shipping point, at Seller's expense. Buyer will notify the Seller immediately upon rejection of nonconforming material. Should the Seller desire to provide shipping instructions contrary to the above, it shall notify Buyer within a reasonable time but in any event, prior to date of shipment.

When it is determined that the Seller is responsible for the nonconforming material, the Seller is required to respond to the Buyer's request for root cause and corrective action. Failure to respond within the time frame requested shall constitute a material breach of contract.

26. MONITORING OF THE WORK

In addition to provisions contained in Clause 4 – "Inspection and Acceptance," throughout the period of performance of the work, including work at Seller's lower-tier subcontractors and suppliers, Buyer may at its option, assign one or more representatives to be in residence at the Seller's or lower-tier subcontractor's facility to perform such monitoring, and the Seller shall provide or arrange for adequate office space, support items and secretarial assistance for the Buyer representatives. Moreover, the Buyer's End Customer and regulatory authorities shall have access rights to the applicable areas of Seller's facilities and to applicable documented information, at any level of the supply chain. Nothing in the clause shall give cause for a variation in the agreed-to price and delivery schedule as contained in the Purchase Order.

27. COPYRIGHTS

Buyer shall have the right at no additional charge to use and/or reproduce the Seller's applicable literature such as operating and maintenance manuals, technical publications, prints, drawings, training manuals and other similar supporting documentation relating to any item, work, process, method, technique, or similar information. Seller shall notify Buyer in writing of any patented or copyrighted matter to which it or third parties claim rights.

28. SUPPLEMENTAL TERMS

In addition to the General Provisions set forth in this Agreement, certain optional clauses may be applicable to this Purchase Order. These optional clauses will be included either by incorporation by reference thereto in the Purchase Order or by attachment, or both, prior to signing or by proper modification of the Agreement, General Provisions, and/or the Purchase Order.

29. COUNTERFEIT PARTS PREVENTION

A. For purposes of this clause, Work consists of those parts delivered under this Contract that are the lowest level of

separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.

- B. Seller agrees and shall ensure that Counterfeit Work is not delivered to Buyer.
- C. Seller shall only purchase products to be delivered or incorporated as Work to Buyer directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by the Buyer.
- D. Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware or suspects that it has furnished Counterfeit Work. When requested by Buyer, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

30. RECORDS

Quality and inspection records shall be established and maintained by the Seller to provide evidence of conformity to requirements and the effective operation of the quality management system. Record retention requirements may differ based on the Buyer contract/product associated with the procurement. As a minimum, records must be maintained for a period of seven (7) years after completion of the Purchase Order (PO) or as otherwise stated elsewhere in the PO. Records may be archived to an offsite location, but shall remain legible and readily retrievable. Prior to removing the records from retention, Seller shall request disposition of the data records from the Buyer. Seller shall, upon Buyer's request, forward records to Buyer at no additional cost, price, or fee to Buyer. Buyer reserves the right to periodically audit the Seller's historical records, retention policies and practices.

ARTICLE II-- U.S. GOVERNMENT REQUIREMENTS

1. U.S. GOVERNMENT PROVISIONS

If this order is placed pursuant to a government prime contract or subcontract so referenced or noted in this purchase order, in addition to those set forth in Part I above, the following contract clauses which are set forth in their entirety in the Federal Acquisition Regulation (FAR), are incorporated herein and are applicable hereto by this reference except for those contract clauses which are exempt in FAR or the clauses themselves because of the dollar value of this order. It shall be the sole obligation and responsibility of the Seller to familiarize itself, its subcontractors, and agents concerning the requirements of the identified regulations as well as any other applicable federal regulations governing this Purchase Order. When necessary to make the context of these clauses applicable to this order, the term "contractor" shall mean "Seller", the term "contract" shall mean "this order", and the terms "government", "contracting officer", and equivalent phrases shall mean "Buyer" or "purchaser". All referenced FAR paragraph numbers refer to current revisions in effect as of the date of the respective government prime contract with the exception of FAR 52.230-1. It is the responsibility of the Seller to determine whether any updates or modification of regulations has occurred. Copies of FAR may be obtained from the Government Printing Office, Washington, D.C.

| | | |
|-----|----------------------|---|
| (i) | FAR Clause | Title |
| | No. 52.xxx-xx | |
| | 204-2 | Security Requirement |
| | 208-7001 | Required Sources for Precision Components and Mechanical Time Devices |



**M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER**

- 210-5 New Material
- 212-13 Stop-Work Order
- 212-15 Government Delay of Work
- 215-1 Examination of Records by Comptroller General
- 215-2 Audit
- 215-22 Price Reduction for Defective Cost or Pricing Data
- 215-24 Subcontractor Cost or Pricing Plan
- 219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns
- 219-9 Small Business and Small Disadvantaged Business Subcontracting Plan
- 219-13 Utilization of Women-Owned Small Businesses
- 220-3 Utilization of Labor Surplus Area Concerns
- 220-4 Labor Surplus Area Subcontracting Program
- 222-1 Notice to the Government of Labor Disputes
- (222-4) Contract Work Hours and Safety Standard Act – DAR 7-103.16(a) Overtime Compensation – General
- 222-20 Walsh-Healey Public Contracts Act
- 222-26 Equal Opportunity
- 222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans
- 222-36 Affirmative Action for Handicapped Workers
- 223-2 Clean Air and Water
- 223-3 Hazardous Material Identification and Material Safety Data
- 224-2 Privacy Act
- 225-1 Buy American Act – Supplies
- 225-7 Balance of Payments Program
- 225-7009 Preference for Certain Domestic Commodities
- 225-7014 Preference for Domestic Specialty Metals
- 225-8 Duty-Free Entry
- 225-10 Certain Communist Areas
- 227-1 Authorizations and Consent
- 227-2 Notice and Assistance Regarding Patent & Copyright Infringement
- 227-3 Patent Indemnity
- 227-7013 Rights in Technical Data and Computer Software Alternate I
- 227-7034 Patents – Subcontract
- 228-2 Additional Bond Security
- 228-3 Workers’ Compensation Insurance (Defense Base Act)
- 229-3 Federal, State, and Local Taxes
- 229-4 Federal, State, and Local Taxes (Noncompetitive Contract)
- 232-11 Extras
- 236-7050(a) Patent Indemnity
- 243-1 Changes
- 244-1 Subcontracts
- 244-5 Competition in Subcontracting
- 246-1 Responsibility for Inspection
- 246-2 Inspection of Supplies
- 246-15 Certificate of Conformance
- 246-16 Title & Risk of Loss
- 246-17 Warranty of Supplies
- 246-18 Warranty of Supplies of a Complex Nature
- 246-23 Limitation of Liability
- 246-7001 Warranty of Data
- 247-63 Preference of U.S. Flag Air Carriers
- 249-2 Termination for Convenience
- 249-8 Default
- 249-14 Excusable Delays

2. INSPECTION AND AUDIT

- A. Representatives of the Government shall have the right to inspect and test all material and workmanship at all times and places including, when practicable, during manufacture; and if any such inspection or test is made on the premises of the Seller or a subcontractor, the Seller shall furnish and require its subcontractors to furnish, without additional charges, all reasonable facilities and assistance for a safe and convenient inspection or test.
- B. The Seller agrees that its books and records and its plant, or such part thereof as may be engaged in the performance of this Purchase Order, shall at all reasonable times be subject to inspection and audit by an authorized representative of any Department of the United States Government.
- C. Seller agrees that if a claim is filed on any termination of this Order for the convenience of the Purchaser or the United States Government, Seller’s books and records and its plant or such part thereof as may be engaged in the performance of this Purchase Order, shall at all reasonable times be subject to inspection and audit by an authorized representative of the Purchaser.

3. AS9100D REQUIREMENTS

- A. Seller shall submit to the Buyer:
 - i. Methods, processes and equipment for approval
 - ii. Qualification/training bases for establishing personnel competence
 - iii. Certificate of Conformance documentation basis for product release to ship
 - iv. Key functional leadership business contact information
 - v. Data interchange connections to support Buyer’s Supplier Performance analytics
 - vi. Verification/Validation activity support plan executed at the Seller’s facilities for both the Buyer and the end customer
- B. Seller acknowledges provision from the Buyer, if applicable and necessary, regarding:
 - i. Identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.
 - ii. Product, procedures, processes, and equipment approval requirements
 - iii. Requirements for controlling documented information created by and/or retained by the supplier.
 - iv. Personnel qualification requirements
 - v. Design and development control requirements
 - vi. Special requirements including those for critical items, or key characteristics
 - vii. Requirements for the use of statistical techniques for product acceptance & related instructions for acceptance by the organization
 - viii. Requirements for the need to use customer-designated or approved external providers, including process sources (e.g. special processes)
 - ix. Requirements for the provision of test specimens for design approval, inspection/verification, investigation, or auditing

(ii) Any reference in the above listed contract clauses to the “Disputes” clause is inapplicable to this Purchase Order and all such references are hereby deleted.



**M2 GLOBAL TECHNOLOGY, LTD
GENERAL PROVISIONS FOR FIXED PRICE PURCHASE ORDER**

- x. Requirements for ensuring that persons are aware of their contribution to product/service conformity
- xi. Requirements for ensuring that persons are aware of their contribution to product safety
- xii. Requirements for ensuring that persons are aware of the importance of ethical behavior

