

Supplier Terms and Conditions of Purchase

1. ACCEPTANCE

This Order can be accepted only on the terms and conditions set forth in this Purchase Order and any attachments hereto by a written acknowledgment and/or commencement of performance. Additional or different terms proposed by Seller or set forth on Seller's acknowledgment, invoice or other communication to BayaTronics shall not become part of the Agreement unless such is accepted in writing and signed by BayaTronics.

2. INVOICES

Invoices should be submitted and contain the following information: Purchase Order number, item number, description of items, sizes, quantities, unit prices and extended totals in addition to any other information specified elsewhere herein. Payment of invoice shall not constitute acceptance of goods and shall be subject to adjustment for errors, shortages, defects in goods or other failure of Seller to meet the requirements of the Order.

3. ASSIGNMENT AND SUBCONTRACTS

Seller shall not assign the accounts receivable or subcontract this Order or any right or obligation hereunder without the written consent of BayaTronics. Purchases of parts and materials to comply with this Order shall not be construed as assignments or subcontracts.

4. CASH DISCOUNTS

Time in connection with any discount offered will be computed from (a) scheduled delivery date, (b) date of actual delivery or (c) date an acceptable invoice is received by BayaTronics's Accounts Payable Department, whichever is latest. Payment is deemed to be made for purposes of earning a discount on the date of mailing of BayaTronics's check.

5. TAXES

Unless otherwise specified, the prices set forth in this Order exclude all applicable federal, state and local taxes. All such taxes shall be stated separately on Seller's invoice. GIFTS Seller shall not make or offer gifts or gratuities of any kind to BayaTronics's employees, agents or members of their families to secure or influence any business transaction. Violations shall be a material breach of this Agreement.

6. TRANSPORTATION

F.O.B. Point. Unless otherwise specified, shipment will be F.O.B. destination to BayaTronics's designated plant or plants. Packing and Shipment. Unless otherwise specified when the price of this Order is based on the weight of ordered goods, such price covers net weight of material ordered only. Any charges for boxing, crating, handling, storage or other packing requirements shall be stated separately on Seller's invoice. Seller shall mark all containers with necessary lifting, handling and shipping information, and also purchase order numbers, release number, dates of shipment and the names of the consignee and consignor. An itemized packaging sheet must accompany each shipment. No partial or complete delivery shall be made prior to date or dates shown unless BayaTronics has given prior written consent.

7. CHANGES

BayaTronics may at any time, by a written and/or verbal order and without notice to sureties or assignees, suspend performance hereunder, increase or decrease the ordered quantities, or make changes within the general scope of this Order in any one or more of the following ways:

- a. Applicable drawings: designs or specifications.
- b. Method of shipment or packing.
- c. Place of delivery and/or delivery schedule.

If any such change causes an increase or decrease in the cost of, or the time required for, performance of this Order, an equitable adjustment shall be made in the Order price or delivery schedule or both, and the Order shall be modified in writing accordingly. No claim by Seller for adjustment shall be valid unless asserted within twenty (20) days from the date of receipt by the Seller of the notification of change provided, however, that such period may be extended with the written approval of BayaTronics. Nothing in this clause shall excuse the Seller from proceeding with the Order as changed or amended. Direct all communication to buyers.

8. RESPONSIBILITY FOR GOODS

Irrespective of any prior inspections or the F.O.B. point named herein, Seller shall bear all risks of loss, damage or destruction for nonconforming goods. Seller shall also bear the same risks with respect to goods rejected by BayaTronics. BayaTronics shall be responsible for any loss occasioned by the gross negligence of its employees.

9. PATENTS

Seller will settle or defend at Seller's expense (and pay any costs, fines or damages resulting from) all proceedings or claims against BayaTronics, its subsidiaries or affiliates and their respective customers, for infringement or alleged infringement by the goods furnished under this Order or any part or use thereof, of patents (including utility models and registered designs) now or hereafter granted in the United States or any country where the Seller, its subsidiaries or affiliates have furnished similar goods, Seller will at BayaTronics's request identify the countries in which Seller, its subsidiaries or affiliates have furnished similar goods.

10. TOOLING AND DOCUMENTS

All specifications, drawings or other documents and data furnished by BayaTronics and all tools, dies, molds, jigs, fixtures, patterns, machinery, special test equipment and special taps and gauges which have been furnished, paid for, or charged against BayaTronics, or which have had their cost amortized, shall be deemed BayaTronics's property, treated as confidential information and delivered in good condition, normal wear and tear excepted, by Seller to BayaTronics, F.O.B. the Seller's plant, immediately upon request.

11. APPLICABLE LAW

The agreement arising pursuant to the Order shall be governed by and construed in accordance with the laws of the state of Texas. Any rights, remedies and warranties available to BayaTronics by operation of law may only be waived or modified in writing by BayaTronics in a supplement or an amendment to this Order.

12. COMPLIANCE WITH LAWS AND REGULATIONS

- a. Seller agrees to comply with all applicable federal, state and local laws, rules and regulations.
- b. Seller warrants that in the performance of this Order he is in compliance with all the provisions of the Fair Labor Standards Act of 1938 (as amended) of the United States.
- c. If Seller does not have Workers Compensation or Disability Benefits insurance, Seller agrees to indemnify BayaTronics against all damages sustained by BayaTronics resulting from Seller's failure to have such insurance.

13. TERMINATION

BayaTronics may terminate this Order for convenience in whole or in part, at any time, by verbal and/or written notice prior to Seller's written order acknowledgment or commencement or performance under this Order. After Seller has given written acknowledgment of this Order or has commenced performance, BayaTronics may terminate this Order by giving ten (10) days written notice of such termination.

14. FORCE MAJEURE

- a. Seller shall not, subject to the provisions of this article 14, be liable for any delay in performance under this Agreement caused by an act of God or any other cause beyond Seller's control and without Seller's fault or negligence (collectively "delaying cause"). Seller shall in event of a delaying cause, immediately give notice to BayaTronics of the delaying cause.
- b. In the event of a delaying cause, BayaTronics may elect in its sole discretion to: (a) terminate this Agreement or any part hereof as to products not shipped; or with 90 day notice. (b) suspend this Agreement in whole or in part for the duration of the delaying cause, buy similar products elsewhere, and deduct from any quantities specified under this Agreement the quantity so purchased.
- c. If BayaTronics selects the alternative specified in paragraph 14b(b) above for any delaying cause, BayaTronics may resume performance under this Agreement once the delaying cause is relieved and the extend the term up to the length of time the delaying cause endured.

15. QUALITY REQUIREMENTS

Supplier shall comply, and shall cause all Goods and Services to comply, with all applicable quality requirements set forth at the document "Supplier Quality Assurance Requirements", which are incorporated into this Order.

16. WARRANTY

Seller warrants all items and work merchantable and free from defects and unreasonable hazards in design, material and workmanship, and to conform to applicable contract requirements. Seller further warrants that all proper and necessary precautions will be taken for the safety and protection of people and property and that proper warnings are provided for hazards which could not be eliminated. These warranties, Seller's service guarantees and implied warranties shall survive inspection, test and acceptance and shall run to BayaTronics and subsequent owners and users.

17. DEFAULT

- a. If Seller breaches any provision of this Order, BayaTronics may, except as otherwise prohibited by United States bankruptcy laws, terminate the whole or any part of this Order, unless Seller cures the breach within ten work days after receipt of BayaTronics's notice of breach.
- b. For purposes of section 17.a above, the term "breach" shall include without limitation any (a) proceeding whether voluntary or involuntary, in bankruptcy or insolvency by or against Seller, (b) appointment, with or without Seller's consent, of a receiver or an assignee for the benefit of creditors, (c) failure to provide BayaTronics, upon request, with reasonable assurances of performance or (d) other failure to comply with this Order.
- c. In the event BayaTronics terminates this Order in whole or in part as provided in section 17.a above, BayaTronics may procure, upon such terms and in such manner as BayaTronics deems appropriate, products similar to the goods or services as to which this order is terminated. Seller shall reimburse BayaTronics upon demand for all additional cost incurred by BayaTronics in purchasing such similar products.

- d. The rights and remedies granted to BayaTronics pursuant to this Order are in addition to, and shall not limit or affect, any other rights or remedies available at law or in equity.

18. CONFIDENTIAL INFORMATION

- a. Seller shall defend, indemnify and hold harmless BayaTronics and its affiliates, subsidiaries, assigns, subcontractors, and customers from and against all claims, losses, demands, fees, damages, liabilities, costs, expenses, obligations, causes of action, suits or injuries, of any kind or nature arising from (a) any actual or claimed infringement of patents, trademarks, service marks, trade secrets or copyright with respect to goods and services, except to the extent that the infringement arises solely out of compliance with BayaTronics's or BayaTronics's customer's written specifications, or (b) Seller's failure to comply with the requirements of section 18.b below
- b. Seller shall remove from all goods rejected, returned, or not purchased by BayaTronics, BayaTronics's name and any of BayaTronics's trademarks, trade names, insignia, part numbers, symbols, or decorative designs, prior to any other sale, use or disposition of such goods by Seller.
- c. Seller shall not disclose to any person or entity, other than those employees of Seller who have a need to know, any confidential information of BayaTronics, whether written or oral, which Seller may obtain from BayaTronics or otherwise discover. The term "confidential information" includes without limitation all information or data concerning BayaTronics products (including the discovery, invention, research, improvement, development, manufacture, or sale of BayaTronics products) or business operation (Including forecasts, profits, pricing methods, and processes).
- d. Any forecasts provided by BayaTronics are only an accommodation to Seller, and shall not constitute a commitment of any type by BayaTronics.

19. PRODUCT RETURNS

Seller will authorize and issue a Return Material Authorization (RMA) in the event that BayaTronics receives Non-Complying Products.

20. SUPPLY CHAIN FLOW DOWN

The Supplier will ensure that all applicable requirements stated in the BayaTronics purchase order are flowed down to sub-tier suppliers as required.

21. LIQUIDATED DAMAGES

In the event that Seller defaults on providing materials or services as specified and outlined on attached Purchase Order, BayaTronics is entitled to all Liquidated Damages.

22. SUPPLIERS OF ELECTRONIC COMPONENTS

All suppliers of electronic components, printed wiring assemblies (PWAs), and all similar electronic parts are required to have in place a program for the avoidance of counterfeit electronic parts based upon SAE AS5553, or equivalent industry standard. This program shall include purchasing electronic components and electronic assemblies only from the Original Component Manufacturer (OCM), Original Equipment Manufacturer (OEM) or an OEM/OCM authorized distributor.