

TERMS AND CONDITIONS

ACCEPTANCE

1. Acceptance is required to be in exact compliance with the terms of this order and is effective upon receipt by Frequency Electronics Inc. (FEI) of your signed acknowledgement or of part of the goods shipped pursuant to this order. If Seller uses its own acknowledgement form, it is agreed that any printed terms and conditions on such form which in any way modify, contradict or add to the provisions of this order are material alterations to the terms of this order and are waived. If Seller intends not to waive any such printed terms and conditions of sale, the acknowledgement form shall bear on the face thereof in letters at least one-half inch high, the words, "This is a counteroffer" and FEI and Seller shall then negotiate mutually acceptable terms and conditions.

PACKING

2. All shipments will be packed to prevent damage in transit, assure lowest transportation costs and meet carrier's tariff requirements. No charge will be made for boxing, crating or storage without prior written authorization of FEI.

SHIPPING DELIVERY

3. Delivery:
Delivery shall be strictly in accordance with the delivery schedule referred to on the face of this order. The F.O.B. point notwithstanding, Seller agrees to utilize, and bear cost of, premium transportation in event of Seller's failure to meet the delivery schedule(s).
Materials shipped against this order must not be in excess of quantity ordered. Overshipments may be returned at Seller's expense.

DEFAULT

4. Seller shall be in default in performance of this order for any action or failure to act, constituting a breach of contract at law, including but not limited to (i) Seller's failure to deliver the goods in compliance with the delivery schedule, or (ii) Seller's failure to comply within 10 days of having received written notice from FEI with any other provisions of this order or failure to make progress so as to endanger performance. Notice of default will be given by FEI to Seller. If Seller is in default, FEI may terminate this order, or any part thereof, and may invoke rights and remedies provided by law or under this order, including but not limited to the procurement of similar goods from other suppliers, on such time and conditions as FEI determines to be appropriate and charging of Seller for any excess costs hereby incurred, in addition to any other damages suffered by FEI as a result of the default.

WARRANTIES

5. Acceptance of this order by Seller constitutes affirmation of fact by Seller that goods delivered under this order will be of good quality and workmanship and will conform with specifications, model, or other description of goods in the order. Acceptance of goods shall not be deemed to waive any warranty as to any defect or unfitness not in fact discovered in FEI inspection and test. All goods are subject to approval by FEI at FEI plant. The warranties established in this paragraph are in addition to any other express warranties and to any warranties implied in law.

PRICE EQUALITY

6. If no price is agreed to herein, the goods shall be charged at prices not exceeding last previously quoted or charged for like quantities. Seller warrants that the prices quoted herein are as low as any net price now charged by Seller to any other customer of the same class for like materials and like quantities. Seller agrees that at any time during the pendency of this order lower net prices are quoted under similar conditions, such lower net prices shall be from that time substituted for the prices quoted herein.

PROPERTY FURNISHED BY FREQUENCY ELECTRONICS INC.

7. Goods made in accordance with FEI specifications, drawings or samples shall not be furnished or quoted to any other person or concern nor shall they be copied, sold, offered, or advertised for sale by Seller without written authorization and consent of FEI. All specifications, drawings technical data, tools, jigs, dies, fixtures, materials, and other items furnished by FEI or the cost of which is charged against this order shall be confidential and shall be and remain the property of FEI and must be returned to FEI immediately upon request. The Seller agrees to protect all material subject to such confidences against unauthorized disclosure, and shall mark all such items with the name FEI and the corresponding drawing number where applicable and shall be responsible for the safe keeping of such items when in its custody. FEI expressly disclaims any liability and expressly does not hold Seller harmless from any liability for patent, trademark or copyright infringement resulting from Seller's manufacturing or furnishing goods in compliance with FEI specifications. If the item is to become the property of the U.S. Government, it is to be marked in accordance with instructions and as such is excluded from FEI's written authorization and consent for use on any other Government contracts or subcontracts. All material and equipment furnished by FEI shall be protected against loss or damage by insurance acceptable to FEI, and Seller shall indemnify and save FEI harmless from loss to and all claims which may be asserted against sold property. "Notwithstanding the restrictions against use and disclosure contained in Clause 7, upon prior written notice to Buyer and to the extent such use will not interfere with Seller's performance of purchase orders with Buyer in effect at the time, Seller with the U.S. Government's authorization, may use on other contracts all buyer furnished designs, drawings, special tooling, equipment, material, engineering data, or other technical or proprietary information, etc., which the U.S. Government owns, or has the right to authorize the use thereof".
8. Seller shall not without first obtaining written consent, in any manner, advertise or publish the fact that the goods herein mentioned have been furnished or have been contracted to be furnished. Details connected with this order shall not be disclosed to any third party, nor shall goods made to FEI design be supplied to any third party without prior written consent of FEI.
9. (a) FEI may at any time, by a written order, make changes, within the general scope of this order, in any one or more of the following: (i) Drawings, designs, or specifications, where the goods to be furnished are to be specially manufactured for FEI in accordance therewith; (ii) method of shipment or packing; and (iii) 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 contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Any claim by the Seller for adjustment under this clause must be asserted within 30 days from the date of receipt by the Seller of the notification of change, provided, however, that FEI, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. However, nothing in this clause shall excuse the Seller from proceeding with the contract as change.

(b) FEI technical personnel may exchange technical information with Seller's technical personnel concerning goods to be furnished. Any such exchange of information shall be only by way of assistance and shall in no way relieve Seller of obligation to perform this contract. FEI shall not be bound by any change affected by Seller unless change is authorized by FEI in accordance with paragraph (a) of this clause.

PATENT INDEMNITY

10. Seller warrants and guarantees that the goods delivered under this order do not infringe any valid patent, trademark, or copyright owned or controlled by any other corporation, firm or person and agrees to defend, indemnify and hold FEI and its customers harmless against any and all liability, loss and expense by reason of any claim, action or litigation arising out of any alleged or actual direct or contributory infringement of any patent, copyright or trademark foreign or domestic, resulting from the use or sale of said goods or any parts thereof. FEI agrees to give Seller timely notice, an opportunity to settle such claim and such opportunity as is afforded by applicable laws, rules or regulations to undertake defense of any action of litigation arising therefrom.

COMPLIANCE WITH LAWS

11. Seller shall comply with all applicable local, state and federal laws, and executive orders and regulations and agrees to indemnify FEI against any loss, liability, or damage by reason of Seller's violation thereof. Seller, in accepting this order and in submitting invoices hereunder, represents and certifies that the goods furnished hereunder were produced in compliance with all applicable requirements of the Fair Labor Standards Act of 1938, as amended and of regulations and orders of the Department of Labor thereunder.
12. Seller shall not subcontract any portion of the work, under this order without prior written consent to FEI, any attempted subcontract without FEI consent shall be void. Seller may assign claims for monies due under this order; but all claims for monies due or to become due from FEI shall be subject to setoff or counterclaim arising out of this or any other FEI contract with Seller, whether before or after date of this order.
13. All items to be delivered under this order shall, at all times and places, including the period of manufacture, be subject to inspection and test by FEI and the Government (or its authorized agents) FEI and the government shall have access to all areas of Seller's premises and to the premises of Seller's subcontractors in which work on this order is being performed. Seller and Seller's subcontractors shall provide all reasonable facilities for any assistance to FEI and Government representatives in the performance of their duties. FEI will accept or give notice or rejection of items delivered under this order within a reasonable time after receipt. Acceptance shall not waive any warranty. All items to be supplied under this order are subject to final inspections and acceptance at FEI plant, notwithstanding any payment or other prior inspections or design approvals FEI may, at its option, require prompt replacement or correction of rejected items at Seller's expense including an equitable deduction in the price of this order for rejected items. Seller shall not resubmit rejected items to FEI without prior written approval and instructions from FEI. Seller shall identify resubmitted items as previously rejected. Seller shall provide and maintain a quality assurance and control system acceptable to FEI and the Government.

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14. Whenever the Seller has knowledge that any event, e.g. fire, death of key personnel, actual or potential labor disputes, is delaying or threatens to delay the timely performance of this Purchase Order, the Seller shall immediately give notice thereof, including all relevant information with request thereto to FEI. FEI will fairly consider the effect of any such notice of delay, but the giving of such notice shall in no way affect any rights FEI may have under the "Default" clause or any other clause of this order.

GOVERNMENT CONTRACTS

Conditions applicable to orders bearing U.S. Government Contract Numbers

15. (a) FEDERAL ACQUISITION REGULATIONS CLAUSES

(1) The following paragraphs of the Federal Acquisition Regulation (FAR) in effect on the date of this order are incorporated herein by reference and made a part of this order to the extent such paragraphs are by the text thereof made applicable hereto.

52.202-1 Definitions	52.221-1 Notice to the Government of Labor disputes
52.203-5 Covenant Against Contingent fees	52.222-3 Convict Labor
52.203-6 Restrictions on Contractor Sales	52.222-4 Contract work Hours and Safety Standards Act-Overtime Compensation-General (Only paragraphs (a) through (J) apply)
Government	52.222-20 Walsh-Healy Public Contract Act (applicable only if this order exceeds \$10,000)
52.203-7 Anti-Kickback Procedures	52.222-26 Equal Opportunity
52.204-2 Security Requirements	52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans (Applicable only if this order exceeds \$10,000)
52.208-1 Required Source for Jewel Bearings and related items	52.210-7 Used or Reconditioned Material, Residual Inventory, and Former Government
52.210-5 New Material	

SURPLUS PROPERTY

- 52.212-8 Defense Priorities and Allocations
- 52.212-13 Stop Work Order
- 52.212-15 Government Delay of Work
- 52.215-1 Examination of Records by Comptroller
- 52.215-2 Audit-negotiation (applicable only if this order exceeds \$10,000)

Copyright infringement

- 52.215-24 Subcontractor Cost or Pricing Data (Applicable only if this order exceeds \$100,000 is made hereunder)
- 52.215-26 Integrity of Unit Prices
- 52.215-30 Facilities Capital Cost of Money
- 52.215-31 Waiver of Facilities Capital Cost
- 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns
- 52.219-9 Small Business and Small Disadvantaged Business Subcontracting Plan (Applicable only if this order exceeds \$ 500,000.00)
- 52.219-13 Utilization of Women-Owned Small Business (Applicable only if this order exceeds \$ 10,000)
- 52.220-3 Utilization of Labor Surplus Area Concerns
- 52.220-4 Labor Surplus Area Subcontracting Program (Applicable only if this order exceeds \$ 500,000)
- 52.221-1 Notice Of Government And Labor Disputes
- 52.222-3 Convict Labor
- 52.243-1 Changes Fixed Price-Alternate II
- 52.243-6 Change Order Accounting
- 52.244-5 Competition in Subcontracting
- 52.245-2 Government Property (Fixed Price) (Applicable Only If Government Property Is To Be Furnished To Seller)
- 52.245-17 Special Tooling (In Paragraph (i) Change "90 Days" to "45 Days")
- 52.245-18 Special Test Equipment
- 52.246-2 Inspection of Supplies-Fixed Price (if this is a fixed price incentive order alternative (i) applies.)
- 52.246-16 Responsibility for Suppliers
- 52.246-24 Limitation of Liability High Value Items
- 52.246-25 Limitation of Liability Services
- 52.247-63 Limitation of Liability
- 52.248-1 Value Engineering (applicable only if this provision is contained in buyer's contract with its customer)
- 52.249-2 Termination for Convenience of the Government (in paragraph (d) change "1 year" to "6 months")
- 52.249-8 Default (Fixed – Price Supply and Services)

(2) If this subcontract is issued under a prime contract of any agency or department of the Department of Defense, the following paragraphs of the DOD FAR supplement in effect on the date of this order are also incorporated herein by reference and made part of this order.

- 52.204-7005 Overseas Distribution of Defense Contracts (applicable only if this order exceeds \$100,000 and is a first tier subcontract under a prime contract)
- 52.208-7000 Required Sources for Miniature and Instrument Ball Bearings (applicable only if items being supplied by Seller contains miniature or instrument ball bearings).
- 52.208-7001 Required Sources for Precision Components for Mechanical Time Devices (applicable only if item being supplied by seller contains precision components for mechanical time devices).
- 52.208.7002 Required sources for high purity silicon (applicable only if item being supplied by Seller contains high purity silicon).
- 52.208.7003 Required sources for high carbon ferrochrome (applicable only if items being supplied by Seller contains high carbon ferrochrome).

(B) USE OF SF1411. Seller agrees that SF1411 or one of the special forms authorized by Far 52.215-24 shall be used whenever subcontractor cost or pricing data is required pursuant to a provision of this order or whenever a price adjustment exceeding \$100,000 is to be made under this order. Further, the Seller agrees to certify or in the case of subcontractor, have the subcontractor certify as to the accuracy of cost or pricing data.(in the case of other than a DOD prime contract, the NASA or FPR edition or version of SF1411, as applicable, shall be used.

(c) EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER INFORMATION REPORT: within thirty (30) days after acceptance of this order, Seller shall file an information report in compliance with the Equal opportunity clause (executive order 11246, Sept.24 1965) contained herein, unless the Seller is exempted from filing such a report. The report shall be submitted directly to the Joint Reporting Committee, and shall be on employer information report, standard form 100(EEO-1). If on receipt of this order, an information report has already been submitted for the prior reporting period, then a new report is not required at this time. Buyer will furnish copies of standard form 100 upon request

(d) NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATION OF NON-SEGREGATED FACILITIES. A certification of Non-segregated must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period.(i.e., quarterly, semiannually, or annually) NOTE: Whoever knowingly and willfully makes any false, fictitious or fraudulent representation may be liable to criminal prosecution under 18 U.S.C. 1001.

(e) AUTHORIZATION AND CONTENT: If the prime contract under which this order is issued contains an Authorization and Consent clause such clause to the extent permitted therein is hereby made a part of this order.

(f) PRICE REDUCTION FOR DEFECTIVE COST PRICING DATA:

(a) Pursuant to Public Law 87-653 10u.s.c. 2306(f), the buyer's contract with its customer under which this order is issued contains a clause which entitles the customer, the U.S. Government, ("the government") or a Government prime contractor or subcontractor, to reduce Buyer's contract price, or any costs reimbursable thereunder, where the Government determines that such price or cost was increased by any significant sum because Seller or any of his subcontractors furnished defective cost or pricing data to buyer in connection with the award of this order. Seller hereby agrees to indemnify and hold buyer harmless from any loss buyer may suffer resulting from such determination and action taken by the customer pursuant to the foregoing sentence to the extent that such action is taken on the basis that buyer's contract, or any costs reimbursable thereunder, was increased by any significant amount because the Seller or any of his subcontractors furnished defective cost or pricing data to buyer in connection with the award of this order; provided however, that Seller's liability to buyer hereunder shall be limited to the amount the government determines Seller's price to have been increased because of such defective cost or pricing data and shall not include any profit, costs or charges added thereto by buyer's price or costs to its customer.

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Affirmation Action For Handicapped Workers.

- 52.223-1 Affirmative action for handicapped clean air and water (applicable only if this exceeds \$1000,000
- 52.223-3 Hazardous materials identification and 52.212-Material safety date
- 52.225-11 certain communist areas
- 52.227-1 authorization and consent
- 52.227-2 Notice and assistance regarding patent and copyright infringement
- 52.227-10 filing of patent application-classified subject matter
- 52.227-12 patent rights-retention by the contractor
- 52.228-5 insurance-work on a government installation (applicable only if work will be performed on a government installation)
- 52.230-3 cost accounting standards (applicable only this order exceeds \$100,000 and Seller is not eligible for or elects not to use modified as coverage of Seller is a small business concern)
- 52.230-4 administration of cost accounting standards (applicable only if far 52.230-3 or 52.230-5 is applicable to this order).
- 52.230-5 disclosure and consistency of cost accounting practices (applicable only if this order exceeds \$100,000 and far 52.230-3 does not apply or Seller is a small business concern)

Subcontracting plan (applicable only if this order exceeds \$500,000

- 52.208-7000
- 52.208-7001
- 52.208-7002
- (b)
- 52.22-36 Affirmative Action for Handicapped Workers
- 52.223-1 Clean Air and Water (applicable only if this exceeds \$100,000
- 52.223-2 hazardous Material Identification and 52.212-material safety data
- 52.223-11 Certain Communist Areas
- 52.227-1 Authorization and Consent
- 52.227-2 Notice and assistance regarding patent and copyright infringement
- 52.227-10 Filing of patent application-classified subject matter
- 52.227-11 Patent rights-retention by the contractor
- 52.228-5 Insurance-work on a Government installation (applicable only if work will be performed on a government installation)
- 52.230-3 Cost accounting standards (applicable only this order exceeds \$100,000 and Seller is not eligible for or elects not to use modified CAS coverage or Seller is a small business concern).
- 52.230-4 Administration of cost accounting standards (applicable only if FAR 52.230-3 or 52.230-5 is applicable to this order).
- 52.230-5 Disclosure and consistency of cost Accounting Practices (applicable only if this order exceeds \$100,00 and FAR 52.230-3 does not apply of Seller is a small business concern)
- 52.232-9 Limitation on withholding of payments
- 52.237-2 Protection of Government Buildings equipment and vegetation
- 52.208-75005 Required sources for forging item
- 52.215-7000 Aggregate pricing adjustments (change "\$500,000" to "\$100,000")
- 52.219-7000 Small business and small disadvantaged business subcontracting plan (master plans)
- 52.223-7000 Notice of radioactive materials (insert "30 days") in blank in paragraph (a).
- 52.223-7001 Safety precautions for ammunition and explosives)
- 52.227-7013 Rights in technical Data and computer software
- 52.227-7018 Restrictive markings on Technical data
- 52.235-7002 Recovery of Nonrecurring costs on commercial sales
- 52.247-64 Preference for privately owned U.S. Flag commercial vessels.

(b) As Sellers exclusive remedy for relief from such a determination by the Government, Sellers shall have the right to asset in Buyer's name at Seller's expense. Buyer's right to appeal from such determination under the "Disputes" clause, if any, of this order, or of Buyer's contract with its customer. The determination of the Government contracting officer, or of such an appeal is taken, the decision on appeal, shall be final and conclusive between the buyer and seller, to the extent provided in such "disputes" clause. If seller desires to assert is Buyer's name at Seller's expense decided by the courts, and final judgement, by the courts, it binding upon Buyer under its contract with its customer shall in turn be binding upon Buyer and Seller insofar as it relates to this order. In the event the Buyer does not have the right of appeal to a Government contract appeals board and is therefore unable to make such rights available to Seller. The determination of the Government Contracting Officer , it binding upon Buyer, shall in turn be binding upon Seller insofar as it relates to this order; provided, however, if buyer elects not to bring suit against its customer with respect to any such determination Buyer shall notify Seller with reasonable promptness and Seller shall have the right to bring suit against the customer in a court of competent jurisdiction in Buyer's name, but at Seller's expense. If Buyer or Seller brings suit against customer, a final judgement in any such suit shall be binding upon Seller and Buyer under this order.

(c) The provision of (a) and (b) shall also be applicable to adjustments in the price of this order required by the clause hereof entitled, "cost accounting standards"

(d) The rights and obligations described herein shall survive completion of and final payment under or termination of this order. In these clauses, the term Contractor shall mean Seller, the term Government shall mean FEI and the United States Government, and the term Contracting Officer shall mean FEI.