

**ATLANTIC DISTRIBUTION GROUP, LLC.  
PURCHASE ORDER TERMS AND CONDITIONS  
IMPORTANT - READ CAREFULLY**

1. Goods, Services & Deliverables. Seller agrees to perform the services ("Services") and/or provide the goods or Service deliverables (collectively referred to as "Goods"), described in this purchase order and with these Terms and Conditions ("Agreement"). Upon acceptance of a purchase order, shipment of Goods or commencement of a Service, Seller shall be bound by the provisions of this Agreement, including all provisions set forth on the face of this purchase order, whether Seller acknowledges or otherwise signs this Agreement or the purchase order, unless Seller objects to such terms in writing prior to shipping Goods or commencing Services. This writing does not constitute a firm offer within MD Commercial Code and may be revoked at any time prior to acceptance. This Agreement may not be added to, modified, superseded or otherwise altered, except in writing signed by an authorized representative of ADG. Any terms or conditions contained in any acknowledgment, invoice or other communication of Seller, which are inconsistent with the terms and conditions herein, are hereby rejected. To the extent that this Agreement might be treated as an acceptance of Seller's prior offer, such acceptance is expressly made on condition of assent by Seller to the terms hereof and shipment of the Goods or beginning performance of any Services by Seller shall constitute such assent. ADG hereby reserves the right to reschedule any delivery or cancel any purchase order issued at any time prior to shipment of the Goods or prior to commencement of any Services. ADG shall not be subject to any charges or other fees as a result of such cancellation.

2. Electronic/Facsimile Transmission. If this Order is transmitted by telecopier or by other means of electronic transmission, such transmission shall have the legal significance of a duly executed original delivered to the Seller.

3. Delivery. Timing of delivery and/or performance of the work is of the essence. Seller shall be solely responsible for all delivery charges. If delivery or completion dates cannot be met, Seller shall inform ADG immediately. Such notice shall not, however, constitute a change to the delivery or completion terms of this purchase order unless ADG modifies this order in writing. Delivery of Goods shall be made pursuant to the schedule, via the carrier and to the place specified on the face of the applicable purchase order. ADG reserves the right to return, shipping charges collect, all Goods received in advance of the delivery schedule. If no delivery schedule is specified, the order shall be filled promptly and delivery will be made by the most expeditious form of land transportation. If no method of shipment is specified in the purchase order, Seller shall use the least expensive carrier. In the event that Seller fails to deliver the Goods within the time specified, ADG may, at its option, decline to accept the Goods and terminate the Agreement or may demand its allocable fair share of Seller's available Goods and terminate the balance of the Agreement. Seller shall package all items in suitable containers to permit safe transportation and handling. Each delivered container must be labeled and marked to identify contents without opening and all boxes and packages must contain packing sheets listing contents. ADG's purchase order number must appear on all shipping containers, packing sheets, delivery tickets and bills of lading.

4. Identification, Risk of Loss & Destruction of Goods. Identification of the Goods shall occur in accordance With the Maryland Commercial Code. Seller assumes all risk of loss until receipt by ADG. Title to the Goods shall pass to ADG upon receipt by it of the Goods at the designated destination. If the Goods ordered are destroyed prior to title passing to ADG, ADG may at its option cancel the Agreement or require delivery of substitute Goods of equal quantity and quality and at the same price. Such delivery will be made as soon as commercially practicable. If loss of Goods is partial, ADG shall have the right to require delivery of the Goods not destroyed.

5. Payment. As full consideration for the performance of the Services, delivery of the Goods and the assignment of rights to ADG as provided herein, ADG shall pay Seller (i) the amount agreed upon and specified in the applicable purchase order, or (ii) Seller's quoted price on date of shipment (for Goods), or the date Services were started (for Services), whichever is lower. Applicable taxes and other charges such as shipping costs, duties, customs, tariffs, imposts and government imposed surcharges shall be stated separately on Seller's invoice. Payment is made when ADG's check is mailed. Payment shall not constitute acceptance. All personal property taxes assessable upon the Goods prior to receipt by ADG of Goods conforming to the purchase order shall be borne by Seller. Seller shall invoice ADG for all Goods delivered and all Services actually performed. Each invoice submitted by Seller must be provided to ADG within thirty (30) days of completion of the Services or

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delivery of Goods and must reference the applicable purchase order, and ADG reserves the right to return all incorrect invoices. ADG will receive a 2% discount of the invoiced amount for all invoices that are submitted more than thirty (30) days after completion of the Services or delivery of the Goods. Unless otherwise specified on the face of a purchase order, ADG shall pay the invoiced amount within sixty (60) days and/or in accordance with agreed upon terms after receipt of a correct invoice. Seller will receive no royalty or other remuneration on the production or distribution of any products developed by ADG or Seller in connection with or based on the Goods or Services provided.

6. Warranties. Seller expressly warrants that all Goods or Services furnished under this Agreement shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship. Seller warrants that all such Goods or Services will conform to any statements made on the containers or labels or advertisements for such Goods or Services and that any Goods will be adequately contained, packaged, marked, and labeled. Seller warrants that all Goods or Services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which Goods or Services of that kind are normally used. If Seller knows or has reason to know the particular purpose for which ADG intends to use the Goods or Services, Seller warrants that such Goods or Services will be fit for such particular purpose. Inspection, test, acceptance or use of the Goods or Services furnished hereunder shall not affect the Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance and use. Seller's warranty shall run to Purchaser, its successors, assigns and customers, and users of products sold by Purchaser. Seller agrees to replace or correct defects of any Goods or Services not conforming to the foregoing warranty promptly, without expense to Purchaser, when notified of such nonconformity by ADG. In the event of failure of Seller to correct defects and/or replace nonconforming Goods or Services promptly, ADG, after reasonable notice to Seller, may make such corrections or replace such Goods and Services and charge Seller for the cost incurred by ADG in doing so. Seller recognizes that ADG's production requirement may require immediate repairs or reworking of defective Goods, without notice to the Seller. In such event, Seller shall reimburse ADG for the costs, delays or other damages which ADG has incurred.

7. Inspection. ADG shall have reasonable time after receipt of Goods or Service deliverables and before payment to inspect them for conformity hereto, and Goods received prior to inspection shall not be deemed accepted until ADG has performed testing to determine whether the Goods conform to the specifications hereof. Use of a portion of the Goods for the purpose of testing shall not constitute an acceptance of the Goods. If Goods tendered do not wholly conform with the provisions hereof, ADG shall have the right to reject such Goods. Nonconforming Goods will be returned to Seller freight collect and risk of loss will pass to Seller upon ADG's delivery to the common carrier.

8. Testing. In the event that ADG declares the Goods to be non-conforming/performing in any respect, ADG may make demand on Seller to conduct testing procedures through a third party test laboratory that is licensed and/or certified to conduct such examination(s). All costs associated with such testing shall be borne by Seller. If the test results indicate a failure rate of 1% or higher, ADG may demand a full refund from Seller of all invoice amounts paid for that product.

9. Independent Contractor/Insurance. Seller is an independent contractor for all purposes, without express or implied authority to bind ADG by contract or otherwise. Neither Seller nor its employees, agents or subcontractors are agents or employees of ADG, and therefore are not entitled to any employee benefits of ADG, including but not limited to, any type of insurance. Seller shall be responsible for all costs and expenses incident to performing its obligations under this Agreement and shall provide Seller's own supplies and equipment. In the event that Seller's obligations hereunder require or contemplate performance of services by Seller or its employees, or persons under contact to Seller, to be done on ADG's or the property of ADG's customers, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of the ADG. Seller shall maintain all necessary insurance coverages, including public liability and Worker's

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Compensation insurance. Seller shall indemnify and save harmless and defend ADG from any and all claims or liabilities arising out of the work covered by this paragraph. Seller agrees to provide evidence of General Liability Coverage including Products Liability Coverage. The policy shall contain minimum limits of \$1 million per occurrence with aggregate of \$1 million.

10. Taxes Seller shall be solely responsible for filing the appropriate federal, state and local tax forms and paying all such taxes or fees, including estimated taxes and employment taxes, due with respect to Seller's receipt of payment under this Agreement. Seller further agrees to provide ADG with reasonable assistance in the event of a government audit.

ADG shall have no responsibility to pay or withhold from any payment to Seller under this Agreement, any federal, state or local taxes or fees.

11. Records. Seller agrees to maintain records for seven (7) years from the date of acceptance. This includes but is not limited to Purchase Order documents, Certificates of Conformance, Mercury Free statements, etc.

12. Indemnity. Seller shall indemnify, hold harmless, and at ADG's request, defend ADG, its officers, directors, customers, agents and employees, against all claims, liabilities, damages, losses and expenses, including attorneys' fees and cost of suit arising out of or in any way connected with the Goods or Services provided under this Agreement, including, without limitation, (i) any claim based on the death or bodily injury to any person, destruction or damage to property, or contamination of the environment and any associated cleanup costs, (ii) Seller failing to satisfy the Internal Revenue Service's guidelines for an independent contractor, (iii) any claim based on the negligence, omissions or willful misconduct of Seller or its employees, and (iv) any claim by a third party against ADG alleging that the Goods or Services, the results of such Services, or any other products or processes provided under this Agreement, infringe a patent, copyright, trademark, trade secret or other proprietary right of a third party, whether such are provided alone or in combination with other products, software or processes. Seller shall not settle any such suit or claim without ADG's prior written approval. Seller agrees to pay or reimburse all costs that may be incurred by ADG in enforcing this indemnity, including attorneys' fees. Should ADG's use, or use by its distributors, subcontractors or customers, of any Goods or Services purchased from Seller be enjoined, be threatened by injunction, or be the subject of any legal proceeding, Seller shall, at its sole cost and expense, either (a) substitute fully equivalent non-infringing Goods or Services; (b) modify the Goods or Services so that they no longer infringe but remain fully equivalent in functionality; (c) obtain for ADG, its distributors, subcontractors or customers the right to continue using the Goods or Services; or (d) if none of the foregoing is possible, refund all amounts paid for the infringing Goods or Services.

13. Confidentiality. Seller will acquire knowledge of ADG Confidential Information (as defined below) in connection with its performance hereunder and agrees to keep such ADG Confidential Information in confidence during and following termination or expiration of this Agreement. "ADG Confidential Information" includes but is not limited to all information, whether written or oral, in any form, including without limitation, information relating to the research, development, products, methods of manufacture, trade secrets, business plans, customers, vendors, finances, personnel data, Work Product (as defined herein) and other material or information considered proprietary by ADG relating to the current or anticipated business or affairs of ADG which is disclosed directly or indirectly to Seller. In addition, ADG Confidential Information means any third party's proprietary or confidential information disclosed to Seller in the course of providing Services or Goods to ADG. ADG Confidential Information does not include any information (i) which Seller lawfully knew without restriction on disclosure before ADG disclosed it to Seller, (ii) which is now or becomes publicly known through no wrongful act or failure to act of Seller, (iii) which Seller developed independently without use of the ADG Confidential Information, as evidenced by appropriate documentation, or (iv) which is hereafter lawfully furnished to Seller by a third party as a matter of right and without restriction on disclosure. In addition, Seller may disclose Confidential Information which is required to be disclosed pursuant to a requirement of a government agency or law so long as Seller provides prompt notice to ADG of such requirement prior to disclosure. Seller agrees not to copy, alter or directly or indirectly disclose any ADG Confidential Information. Additionally, Seller agrees to limit its internal distribution of ADG Confidential Information

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to its employees who have a need to know, and to take steps to ensure that the dissemination is so limited, including the execution by Seller's employee of nondisclosure agreements with provisions substantially similar to those set forth herein. In no event will Seller use less than the degree of care and means that it uses to protect its own information of like kind, but in any event not less than reasonable care to prevent the unauthorized use of ADG Confidential Information. Seller further agrees not to use the ADG Confidential Information except in the course of performing hereunder and will not use such ADG Confidential Information for its own benefit or for the benefit of any third party. The commingling of the ADG Confidential Information with information of Seller shall not affect the confidential nature or ownership of the same as stated hereunder. Seller agrees not to design or manufacture any products which incorporate ADG Confidential Information. All ADG Confidential Information is and shall remain the property of ADG. Upon ADG's written request or the termination of this Agreement, Seller shall return, transfer or assign to ADG all ADG Confidential Information, including all Work Product, as defined herein, and all copies thereof.

14. Ownership of Work Product. For purposes of this Agreement, "Work Product" shall include, without limitation, all designs, discoveries, creations, works, devices, masks, models, work in progress, Service deliverables, inventions, products, computer programs, procedures, improvements, developments, drawings, notes, documents, business processes, information and materials made, conceived or developed by Seller alone or with others which result from or relate to the Services performed hereunder. Standard Goods manufactured by Seller and sold to ADG without having been designed, customized or modified for ADG do not constitute Work Product. All Work Product shall at all times be and remain the sole and exclusive property of ADG. Seller hereby agrees to irrevocably assign and transfer to ADG and does hereby assign and transfer to ADG all of its worldwide right, title and interest in and to the Work Product including all associated intellectual property rights. ADG will have the sole right to determine the treatment of any Work Product, including the right to keep it as trade secret, execute and file patent applications on it, to use and disclose it without prior patent application, to file registrations for copyright or trademark in its own name or to follow any other procedure that ADG deems appropriate. Seller agrees: (a) to disclose promptly in writing to ADG all Work Product in its possession; (b) to assist ADG in every reasonable way, at ADG's expense, to secure, perfect, register, apply for, maintain, and defend for ADG's benefit all copyrights, patent rights, mask work rights, trade secret rights, and all other proprietary rights or statutory protections in and to the Work Product in ADG's name as it deems appropriate; and (c) to otherwise treat all Work Product as ADG Confidential Information as described above. These obligations to disclose, assist, execute and keep confidential survive the expiration or termination of this Agreement. All tools and equipment supplied by ADG to Seller shall remain the sole property of ADG. Seller will ensure that Seller's Assistants appropriately waive any and all claims and assign to ADG any and all rights or any interests in any Work Product or original works created in connection with this Agreement. Seller irrevocably agrees not to assert against ADG or its direct or indirect customers, assignees or licensees any claim of any intellectual property rights of Seller affecting the Work Product. ADG will not have rights to any works conceived or reduced to practice by Seller which were developed entirely on Seller's own time without using equipment, supplies, facilities or trade secret or ADG Confidential Information, unless (i) such works relate to ADG's business, or ADG's actual or demonstrably anticipated research or development, or (ii) such works result from any Services performed by Seller for ADG.

15. Noninterference With ADG's Business. During and for a period of two years immediately after the termination or expiration of this Agreement, Seller agrees not to unlawfully interfere with the business of ADG in any manner, and further agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with ADG.

16. Termination. ADG may terminate this Agreement upon written notice to Seller if Seller fails to perform or otherwise breaches this Agreement, files a petition in bankruptcy, becomes insolvent, or dissolves. In the event of such termination, ADG shall pay Seller for the portion of the Services satisfactorily performed and those conforming Goods delivered to ADG through the date of termination, less appropriate offsets, including any additional costs to be incurred by ADG in completing the Services. ADG may terminate this Agreement, or any Service(s), for any other reason upon thirty (30) days' written notice to Seller. Seller shall cease to perform Services and/or provide Goods under this Agreement on the

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date of termination specified in such notice. In the event of such termination, ADG shall be liable to Seller only for those Services satisfactorily performed and those conforming Goods delivered to ADG through the date of termination, less appropriate offsets. Seller may terminate this Agreement upon written notice to ADG if ADG fails to pay Seller within sixty (60) days after Seller notifies ADG in writing that payment is past due. Upon the expiration or termination of this Agreement for any reason: (a) each party will be released from all obligations to the other arising after the date of expiration or termination, except for those which by their terms survive such termination or expiration; and (b) Seller will promptly notify ADG of all ADG Confidential Information or any Work Product in Seller's possession and, at the expense of Seller and in accordance with ADG's instructions, will promptly deliver to ADG all such ADG Confidential Information and/or Work Product.

17. Remedies. If Seller breaches this Agreement, ADG shall have all remedies available by law and at equity. For the purchase of Goods, Seller's sole remedy in the event of breach of this Agreement by ADG shall be the right to recover damages in the amount equal to the difference between market price at the time of breach and the purchase price specified in the Agreement. No alternate method of measuring damages shall apply to this transaction. Seller shall have no right to resell Goods for ADG's account in the event of wrongful rejection, revocation of acceptance, failure to make payment or repudiation by ADG and any resale so made shall be for the account of Seller.

18. Force Majeure. ADG shall not be liable for any failure to perform including failure to (i) accept performance of Services or, (ii) take delivery of the Goods as provided caused by circumstances beyond its control which make such performance commercially impractical including, but not limited to, acts of God, fire, flood, acts of war, government action, accident, labor difficulties or shortage, inability to obtain materials, equipment or transportation. In the event ADG is so excused, either party may terminate the Agreement and ADG shall at its expense and risk, return any Goods received to the place of shipment.

19. Severability. If any provision of this Agreement shall be deemed to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

20. Limitation of Liability. IN NO EVENT SHALL ADG BE LIABLE TO SELLER OR ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT, WHETHER OR NOT ADG WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. Any action resulting from any breach on the part of ADG must be commenced within one year after the cause of action has occurred.

21. Assignment; Waiver. Seller may not assign this Agreement or any of its rights or obligations under this Agreement, without the prior written consent of ADG. Any assignment or transfer without such written consent shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of ADG without restriction. A waiver of any default hereunder or of any term or condition of this Agreement shall not be deemed to be a continuing waiver or a waiver of any other default or any other term or condition.

22. Nonexclusive Agreement. This is not an exclusive agreement. ADG is free to engage others to perform Services or provide Goods the same as or similar to Seller's. Seller is free to, and is encouraged to, advertise, offer and provide Seller's Services and/or Goods to others; provided however, that Seller does not breach this Agreement.

23. Notices. Except for purchase orders which may be sent by local mail, facsimile transmission, or electronically transmitted, all notices, and other communications hereunder shall be in writing, and shall be addressed to Seller or to an authorized ADG representative, and shall be considered given when (a) delivered personally, (b) sent by confirmed telex or facsimile, (c) sent by commercial overnight courier with written verification receipt, or (d) three (3) days after having been sent, postage prepaid, by first class or certified mail.

24. Survival of Obligations. Any obligations and duties which by their nature extend beyond the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement.

25. Governing Law. This Agreement shall be construed in accordance with, and disputes shall be governed by, the laws of the State of Maryland, excluding its conflict of law rules.

26. Attorney's Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the prevailing party shall be entitled to recover from the unsuccessful party all costs,

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expenses and reasonable attorney's fees incurred therein by the prevailing party (including, without limitation, such costs, expenses and fees on any appeals), and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses, including those of expert witnesses and attorney's fees, shall be included as part of the judgment.

27. Entire Agreement; Modification. This Agreement is the complete, final and exclusive statement of the terms of the agreement between the parties and supersedes any and all other prior and contemporaneous negotiations and agreements, whether oral or written, between them relating to the subject matter hereof. This Agreement may not be varied, modified, altered, or amended except in writing, including a purchase order or a change order issued by ADG, signed by the parties. The terms and conditions of this Agreement shall prevail notwithstanding any variance with the terms and conditions of any acknowledgment or other document submitted by Seller. Notwithstanding the foregoing, this Agreement will not supersede or take the place of any written agreement which is signed by both parties and covers the same subject matter as this Agreement or its related purchase orders.

28. Compliance with Laws. Seller shall comply fully with all applicable federal, state and local laws in the performance of this Agreement including, but not limited to, all applicable employment, tax, export control and environmental laws.

29. Hazardous Materials. If Goods include hazardous materials, Seller represents and warrants that Seller understands the nature of any hazards associated with the manufacture, handling and transportation of such hazardous materials.

30. Customs. Upon ADG's request, Seller will promptly provide ADG with a statement of origin for all Goods and United States Customs documentation for Goods wholly or partially manufactured outside of the United States.

31. Injunctive Relief. Seller acknowledges and agrees that the obligations and promises of Seller under this Agreement are of a unique, intellectual nature giving them particular value. Seller's breach of any of the promises contained in this Agreement will result in irreparable and continuing damage to ADG for which there will be no adequate remedy at law and, in the event of such breach, ADG will be entitled to seek injunctive relief, or a decree of specific performance.

32. Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

33. Compliance with Flow Down Requirements. Seller agrees to comply with flow down requirements from ADG and our customers. General Provisions and FAR and DFAR Flowdowns for Subcontracts and Purchase Orders for Commercial (COTS) and Non-COTS items under a Non U.S. Government or Commercial contract.