



TERMS & CONDITIONS OF ORDER

These Terms and Conditions between Telect, Inc. ("Telect") and a supplier of goods, software, and/or services ("Supplier") for Telect's purchase of goods, software, and/or services ("Material") shall consist of all terms appearing herein and, on the face of a Purchase Order document, and in any written documents which may be specifically incorporated by reference herein, together with any additions or revisions of any terms mutually agreed to in writing by Telect and Supplier ("Order"). **If an Order is made pursuant to any existing agreement executed between Supplier and Telect, the Order is also subject to the terms of such agreement, and in the case of any conflict between such agreement and these Terms & Conditions of Order, the agreement shall control.**

1. Order.

Orders must be accepted in writing by Supplier via a written acknowledgement ("Acknowledgement"), preferably within 24 hours, but in no event beyond 72 hours, following receipt of an Order. If for any reason Supplier fails to return such written Acknowledgment, any conduct by Supplier that recognizes the existence of a contract pertaining to the subject matter hereof shall constitute acceptance by Supplier of an Order and all of its terms and conditions. Any terms proposed in Supplier's Acknowledgement of Telect's Order that add to, vary from or conflict with the terms herein are hereby objected to. Unless accepted by Telect in writing, any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the Terms and Conditions of the contract between the parties and may hereafter be modified only by written instrument executed by the authorized representatives of both parties. If the Order has been issued by Telect in response to an offer and if any terms herein are additional to or different from any terms of such offer, then the issuance of the Order by Telect shall constitute an acceptance of such offer subject to the express condition that Supplier assent to such additional and different terms herein and acknowledge that the Order constitutes the entire agreement between Telect and Supplier with respect to the subject matter hereof and the subject matter of such offer; and Supplier shall be deemed to have so assented and acknowledged unless Supplier notifies Telect to the contrary in writing within two (2) business days of receipt of the Order.

2. Delivery, Risk of Loss, and Packing.

2.1. Time is of the essence and failure by Supplier to complete delivery of the Material herein ordered within the time specified, or within a reasonable time if no time is specified herein, shall, at the option of Telect without liability, in addition to Telect's other rights or remedies, relieve Telect of any obligation to accept and pay for any such Material. Material shipments received prior to the date requested may, at the discretion of Telect, be returned at Supplier's expense. All freight shall be shipped according to the Telect Routing Guide found at <https://www.telect.com/routingguide> or, if an applicable Routing Guide is unavailable, shall be shipped according to the instructions outlined on the Order or controlling agreement. Failure to comply with these instructions shall give Telect the right, at its discretion, to impose a one-hundred dollar (\$100.00) routing transaction fee. "On-time" delivery is defined as within three (3) days early if shipping to Washington, or within five (5) days early if shipping to Mexico, and zero (0) days late of the request date on an Order. In the event of a late delivery, Supplier shall ship Material via airfreight until deliveries are no longer delinquent. Supplier shall be responsible for 100% of such airfreight charges. Additionally, Supplier may be liable to Telect for liquidated damages for late shipment in the amount of one-percent (1%) of the value of the Order per business day up to a maximum of fifteen percent (15%) of the total value of the Order. Materials purchased hereunder are subject to inspection and approval at Telect's destination. Telect reserves the right to reject and refuse acceptance of Material which are not in conformance with any instructions, specifications, drawings and data or Supplier's warranties (express or implied). Material not accepted will be returned to Supplier at Supplier's expense. Inspection or failure to inspect on any occasion shall not affect Telect's rights under the Order or any other rights or remedies available to Telect. Telect's right to inspect and test does not relieve Supplier from its testing, inspection and quality control obligations. In the event Supplier makes a partial shipment without prior written consent of Telect, Supplier agrees to pay transportation charges incurred by partial shipment and the balance of the Order is cancelable at Telect's option.

2.2. Title, risk of loss, damage and insurance responsibilities shall pass to Telect at delivery points specified on the face of the Order or in a controlling agreement.

2.3. Unless otherwise specified by Telect in writing, Supplier shall mark

and pack all Material for transport according to the Telect Routing Guide or, if an applicable Routing Guide is unavailable, then according to the Supplier Quality System Requirements found at:

<https://www.telect.com/SupplierQualitySystemRequirements>.

3. Pricing, Invoice, and Payment.

3.1. Prices for the Material set forth in an Order shall not be increased. Supplier hereby warrants that at no time will the prices set forth in an Order and charged to Telect, its subsidiaries and/or Telect subcontractors exceed the prices offered other Supplier customers for the same or similar Material, quantities, and delivery requirements. In the event that Supplier generally decreases prices for Material to other customers, Supplier shall notify Telect of this price decrease and modify the Material price in the Order(s) to be the lower price. This price decrease shall be effective upon the date of notice to Telect and the new lower price shall apply to Orders received but not shipped on the effective date and for future deliveries.

3.2. The terms of payment will be net sixty (60) days, with a two percent (2%) discount allowed if payment is submitted within fifteen (15) days from date of Telect's receipt of Supplier's invoice or receipt of Material, which ever is later, unless otherwise agreed in the Order. Payment of invoices shall not constitute acceptance of Material and shall be subject to adjustments for shipment shortages and other failures of Supplier to meet the requirements of the Order. Invoices shall be mailed at time of shipment or upon completion of services performed, and the cash discount period will be computed from the date Material is received. Invoices relating to early shipments, if not rejected, will be held for payment in accordance with the specified "required" date.

Supplier shall bear the cost of all taxes, import and export duties, and other governmental fees of whatever nature except sales and use taxes, which shall be added to the prices as applicable and stated as separate items on the invoice applicable to each Order. The prices stated herein shall not include any tax for which an exemption is available, or for which Telect has furnished Supplier evidence of a lawful exemption. Supplier agrees to pay and hold Telect harmless from and against any penalty, interest, additional tax or other charge that may be levied or assessed as a result of the delay or failure of Supplier for any reason to pay any tax or file any return or other information to be filed or paid by Supplier.

4. Warranties.

Supplier warrants that the Material purchased and delivered hereunder, including use of such Material by Telect in the manner intended hereunder: (i) will be free and clear of all liens and encumbrances; and (ii), will not infringe any third party intellectual property rights; and (iii) will, for the period of no less than twenty-four (24) months commencing from the date of delivery to Telect, conform in all respects to any samples, specifications, drawings, and other descriptions furnished or adopted by Telect; and (iv) will be merchantable and free from all defects in material, design and workmanship; and (v) will conform to Telect defined specifications. If Telect has furnished performance requirements for the Material purchased hereunder, Supplier further warrants that such Material shall be fit and sufficient for the purposes which Telect intends them. Supplier agrees that the foregoing warranties shall inure to the benefit of Telect, its successors, assigns and customers. Supplier shall, at Supplier's expense and at Telect's option, promptly repair, replace or accept the return of (and credit Telect for) such defective Material. In the event of a defect manifesting itself during Telect's manufacturing process which is traced to Material; Supplier will be responsible for the replacement of the defective Material and any consequential loss (including but not limited to line downtime, premium freight charges, but excluding damage to business reputation and loss of profits). If defect of Supplier's Material is not detected in Telect's manufacturing process, but

leads to defective finished Telect products, Telect will be refunded the cost of the such finished Telect product, less any parts that can be salvaged.

In addition to the Material warranties set forth above, Supplier shall, at Telect's option, repair or replace, at no cost to Telect, all of a part number or category of Material which experience Epidemic Failures. For the purposes of these Terms and Conditions, "Epidemic Failure" means Material failures in excess of the rate allowed for in Telect's quality standards resulting from defects in material, workmanship, manufacturing process and/or design deficiencies attributable to Supplier, including but not limited to use of components with inherent or latent defects, or consistent maladjustments during manufacture.

If, within ten (10) business days following Supplier's receipt of non-conforming Material, Supplier is unable to repair or replace such Material, then Supplier shall issue Telect a refund of all amounts paid with respect to the returned Material.

Supplier shall pay all freight costs and costs associated with shipment and return shipment of the affected Material. In the event Supplier does not timely repair or replace defective Material required to be repaired or replaced, Telect may, at its option, cause such Material to be repaired or replaced, and Supplier shall bear all costs and expenses associated therewith, including, but not limited to, all authorized repair facility labor charges and any labor or overhead costs of Telect.

Telect's approval of samples of Supplier's Material or Supplier's design shall not relieve Supplier of the warranty obligations set forth herein, nor will Telect's acceptance of any Material delivered by Supplier hereunder which do not meet the standards set forth herein relieve Supplier of the warranty obligations set forth in this Section.

5. Quality.

Supplier agrees to follow all Telect quality control and quality assurance guidelines and take action to insure that all Materials conform to Telect quality standards as defined in the Workmanship Standards documents found on Telect's website at <https://www.telect.com/Workmanship-Standards.aspx>, and in the Supplier Quality System Requirements document found on Telect's website at: <https://www.telect.com/SupplierQualitySystemRequirements>, and/or as otherwise provided to Supplier by Telect.

6. Changes to Material.

Telect may request, in writing, that Supplier incorporate engineering changes into the Material. Such request will include a description of the proposed engineering change sufficient to permit Supplier to evaluate its feasibility and cost. Supplier's evaluation shall be in writing and shall state the costs and time of implementation and the impact on any delivery schedules or pricing of the Material. Supplier will not be obligated to proceed with the engineering change until the parties have agreed upon the changes to the Material's specifications, delivery schedule, pricing, and upon the implementation costs to be borne by Telect. Supplier shall make no changes to the raw material of the Material, or to any other aspect of the form, fit, or function of the Material (as defined in the Telect Supplier Quality System Requirements), or to its manufacturing or assembly processes, or its intent to discontinue manufacturing, without obtaining the prior written consent of Telect. Supplier shall notify Telect of requested changes under this Section at least sixty (60) days prior to the desired implementation date, unless otherwise agreed by Telect in writing. If requested changes are not acceptable to Telect, Telect shall have the option, at its sole and absolute discretion, to reject the proposed change and continue to place Orders for the unchanged Material or Telect may cancel any outstanding Order(s) for Material proposed to be changed. Telect will issue a Supplier Corrective Action Report if serious Material quality or Supplier performance problems arise. Supplier agrees to respond with the necessary corrective actions within ten (10) business days and to implement Telect-approved corrective actions sufficient to resolve the problem stated in any Telect Supplier Corrective Action Report.

7. Telect Property and Tooling Rights.

Any unique and proprietary tools, dies, jigs, patterns, equipment, or material and other items purchased, furnished, charged to, or paid for by Telect, and any replacements thereof, shall remain the property of Telect ("Telect Property"). Such Telect Property shall be plainly marked to show it is the property of Telect, and shall be safely stored apart from other property of Supplier. Supplier shall be responsible for the protection,

maintenance and care, other than normal wear, of all Telect Property held at Supplier's site. Supplier shall not substitute other property for Telect Property, and shall not use such Telect Property except in the filling of Telect's Orders. Supplier shall hold such Telect Property at its own risk, and upon Telect's written request, shall deliver the Telect Property to Telect in the same condition as originally made or received by Supplier, reasonable wear and tear excepted. Supplier shall maintain security to protect, and property insurance sufficient to cover full replacements of, Telect Property and inventory, if any.

8. Rescheduling or Cancellation of Order.

8.1. Telect may reschedule or cancel an Order in whole or part with no liability or re-stocking charges to Telect, provided the Material was not identified as unique, custom or non-returnable non-Cancellable ("NCNR") at the time of Order: (i) at any time without cause, upon providing notice to Supplier no less than ten (10) days prior to Supplier's committed ship or service date for the Order; or (ii) at any time for any material breach or default of any of the terms, conditions or covenants herein by Supplier, which Supplier has failed to cure within thirty (30) days after having been given written notice of such breach. Such termination shall not prejudice the rights or liabilities of Telect with respect to Material.

8.2. Telect may reschedule or cancel an Order in whole or part with no liability, or re-stocking charges to Telect, for Material identified as unique, custom, or NCNR at the time of Order: (i) at any time without cause, upon providing notice to Supplier no less than ten (10) days plus the Material lead time prior to Supplier's committed ship or service date for the Order; or (ii) at any time without cause, prior to Supplier's commencement of fabrication of the Material, upon providing notice to Supplier no less than ten (10) days prior to Supplier's committed ship date for the Order; or (iii) at any time for any material breach or default of any of the terms, conditions or covenants herein by Supplier, which Supplier has failed to cure within thirty (30) days after having been given written notice of such breach. Such termination shall not prejudice the rights or liabilities of Telect with respect to Material.

8.3. Either party may cancel an Order, effective immediately, for cause, but without liability for said termination, upon written notice to the other party, if any of the following events occur (i) the other files a voluntary petition in bankruptcy or is adjudged bankrupt or insolvent; (ii) a court assumes jurisdiction of the assets of the other under a federal reorganization act; (iii) a trustee, conservator, custodian or receiver is appointed by a court for all or a substantial portion of the assets of the other; (iv) the other becomes insolvent, suspends its business or admits its inability to pay its debts generally as they become due; (v) the other makes an assignment of all or substantially all of its assets for the benefit of its creditors; or (vi) the identity or control of the other's business is materially changed by sale of its business, transfer of control of its outstanding stock, merger or otherwise.

9. Confidential Information, Software and Ownership.

9.1. Supplier shall keep confidential all information, drawings, specifications, data, other engineering and manufacturing information, or other property furnished by Telect, or prepared or developed by Supplier in connection with an Order ("Confidential Information"). Supplier shall not alter or use Confidential Information for any purpose other than that specified by Telect, or for any other person or organization, without the prior written consent of Telect and except as may be necessary for the performance of an Order such Confidential Information shall not be used or reproduced by Supplier or disclosed or transmitted by Supplier to any person or organization without the prior written consent of Telect. Supplier shall not, without the prior written consent of Telect, in any manner advertise or publish the fact that Supplier has furnished or has contracted to furnish to Telect the supplies or services to be furnished under an Order. Upon completion of all work under an Order or termination of an Order, Supplier shall, upon the demand of Telect, promptly return to Telect all Confidential Information including but not limited to drawings, specifications, photographs, tooling, and other engineering and manufacturing information furnished or paid for by Telect in connection with an Order, together with all copies or reproductions then in Supplier's possession or control.

9.2. Software shall mean any form of and modifications thereto of written programming, software program products, source code, firmware, and documentation ("Software"). In the event Software is provided by Supplier, Supplier hereby grants to Telect a nonexclusive, perpetual license to use, reproduce, install, distribute, export, sublicense and

upgrade the Software at no additional charge unless otherwise specifically identified on the face of the Order.

9.3. Title to any property furnished or paid for by Telect shall remain with Telect. Where Material is made to specifications or blueprints supplied or approved by Telect in connection with an Order, the design shall be construed as Telect's own and such specifications and/or blueprints shall be deemed to be an integral part hereof. Supplier shall insure Telect's interest in such property against loss or damage while in Supplier's possession and agrees, at Telect's option, to replace any lost or damaged property or compensate Telect therefore and shall complete any and all documentation necessary to assign all rights, title and interest in such property to Telect upon Telect's request.

10. Indemnities and Insurance.

10.1. Supplier shall indemnify, defend, and hold harmless Telect and its directors, officers, and employees from all claims, suits, demands, damages, liabilities, expenses (including reasonable fees and disbursements of counsel), judgments, settlements and penalties of every kind ("Claims") based on (i) personal injury, death, or property damage to the extent any of the foregoing is proximately caused by either defective Material provided by Supplier or its contractors or agents, or by the negligent or willful acts or omissions of Supplier, its officers, employees, contractors or agents, or (ii) strict liability in tort or product liability of any other kind in connection with any Material provided by Supplier or its contractors or agents.

In addition to the indemnities set forth above, Supplier agrees to defend at its own expense any action brought against Telect based on a Claim that any Material supplied by Supplier, or the use of any Material in a Telect product, infringes on the patent, copyright, trade secret or other proprietary or intellectual property rights of any third party, and Supplier will indemnify and hold Telect harmless against any and all liability, damage or costs (including attorneys fees and costs) finally awarded on such Claim or agreed to by Supplier in a settlement of any such Claim.

Telect shall promptly notify Supplier in writing of any Claims covered by the indemnities herein. Promptly after receipt of such notice, Supplier shall assume the defense of such Claims. Supplier shall not settle or compromise any Claims or consent to the entry of any judgment thereon without the prior written consent of Telect, not to be unreasonably withheld, and without an unconditional release of all liability by each claimant or plaintiff in favor of Telect.

10.2. Unless otherwise agreed to by Telect in writing, Supplier will provide a current certificate of insurance which, at Supplier's sole cost and expense, will include the following minimum limits: (i) Commercial General Liability insurance, with limits not less than \$2,000,000 general aggregate and \$1,000,000 each occurrence for Bodily Injury & Property Damage, combined single limit, this coverage shall include Products/Completed Operations aggregate limits of \$2,000,000 and Personal/Advertising Injury occurrence limit of \$1,000,000, Supplier's insurance shall be primary and non-contributory; (ii) Business Auto Liability insurance covering owned, non-owned & hired autos with liability limits not less than \$1,000,000 Bodily Injury & Property Damage, combined single limits; (iii) Employer's Liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 disease – each employee, \$1,000,000 disease – policy limit; and (iv) Workers Compensation and related insurance as prescribed by law or, in the event Supplier does not carry Workers Compensation insurance, Supplier will acknowledge in writing and/or by signing a Contractor Services Agreement, that Supplier releases Telect from any and all liability for any possible injuries related to Material provided under this Order.

In addition, Supplier's providing installation services to Telect's customers, shall also provide Suppliers' all risk installation floater coverage extended to cover all work and Material installed, including coverage during transit to and testing at Telect customer's premises, and coverage for all Material, supplies, machinery, fixtures and equipment which will become a permanent part of the installation. Suppliers shall be properly licensed in the state in which work is to be performed. This shall include conforming with all local license, bond and worker's compensation requirements.

Supplier's insurance company shall carry a policyholder's rating of not less than "A" and a financial rating of not less than "Secure" as designated in the most current Best's Insurance Guide. Supplier shall provide Telect with a certificate of insurance evidencing such insurance and naming Telect, Inc. as an additional insured, and other details as specified in Telect's Supplier Insurance Requirements form, if applicable.

11. Miscellaneous.

11.1. Revision of Terms and Conditions. Telect reserves the right to amend, revise, or otherwise change any of these Terms and Conditions by posting them on Telect's website, without prior notice to Supplier.

11.2. Force Majeure. Neither party shall be considered in default or liable for any delay or failure to perform its obligation under an Order to the extent that such delay or failure arises directly or indirectly out of an act of fire, flood, explosion, war, civil or military authority, strikes, lockouts, slowdowns, picketing, boycotts, trade disputes, quarantine restrictions, governmental action, acts of foreign or domestic terrorist groups, acts of nature, acts of God, or by any other circumstances beyond its reasonable control and not involving any fault or negligence of the party affected ("Condition").

If either party is unable to perform an obligation due to a Condition, such obligation shall be postponed until the Condition underlying the force majeure has been eliminated, at which time the obligation will again be in effect. Any loss of time by the force majeure will not be held against the party who was unable to comply with its obligations under this Agreement because of the force majeure. The affected party shall immediately notify the other party in writing if a force majeure event delays performance. For each day of delay caused by a force majeure, the specific obligation shall be delayed an equal number of days. If the inability to perform because of a force majeure event continues for a period in excess of thirty (30) days, the party affected by the other's delay or inability to perform may elect to (i) terminate any affected Orders or part thereof, or (ii) suspend such Orders for the duration of the Condition, and if Telect is the suspending party, require Supplier to resume performance of such Orders once the Condition ceases, with an option by Telect to extend the period of the Order up to the length of time the Condition endured and that Telect may deduct from any commitment to Supplier the quantity bought or committed to with other vendors.

11.3. Limitation of Liability. IN NO EVENT SHALL TELECT BE LIABLE TO SUPPLIER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND ARISING OUT OF OR RELATING TO AN ORDER, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR DAMAGES TO SUPPLIER'S BUSINESS REPUTATION, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN AN ACTION FOR CONTRACT, STRICT LIABILITY OR TORT (INCLUDING NEGLIGENCE) OR OTHERWISE.

11.4. Compliance with Laws. Supplier warrants that Material sold or services furnished under this Order have been produced or furnished in full and complete compliance with all applicable laws and regulations.

11.5. Assignment. Neither an Order nor the obligation of Supplier to perform hereunder shall be assigned or delegated by Supplier without Telect's prior written consent. Waiver by either party of any default by the other hereunder shall not be deemed a waiver by such party of any other default.

11.6. Relationship of the parties. Neither party shall, for any purpose, be deemed to be an agent of the other party. The relationship between the parties shall only be that of customer and supplier, and if applicable, independent contractors; neither party shall have any right or authority to assume or create any obligations or to make any representation or warranties on behalf of any other party, whether express or implied, or to bind the other party in any respect whatsoever.

11.7. Enforceability. If any of the provisions of an Order or these Terms and Conditions shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire agreement. The entire agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of Telect and Supplier shall be construed and enforced accordingly.

11.8. Survival. Either party's obligations under an Order which by their nature and language would continue beyond the termination, expiration or cancellation of the Order shall survive such termination, expiration or cancellation including, but not limited to, obligations to indemnify, insure and maintain confidentiality.

11.9. Expenses. In the event a dispute between the parties with respect to an Order must be resolved by litigation or other proceeding, the prevailing party shall be entitled to receive reimbursement for all associated reasonable attorneys fees from the other party.

11.10. Headings. The headings of each section of these Terms and Conditions are provided for convenience only and are not intended to affect the meaning or interpretation of any Order. If any conflict of

interpretation arises between a heading and the text of these Terms and Conditions, the text shall control.

11.11. Waiver. The failure of either party in any one or more instances to insist upon performance of any of the terms and conditions of an Order, or to exercise any right or privilege contained in an Order or the waiver of any breach of the terms or conditions of an Order, shall not be construed as thereafter waiving any such terms, conditions, rights or privileges, and the same shall continue and remain in force and effect as if no waiver had occurred.

11.12. Governing Law. The construction, validity, and performance of an Order shall be governed by the laws of the State of Washington, United

States of America, without reference to its choice of law rules. Supplier expressly and irrevocably submits and consents to the jurisdiction and venue of the courts of the State of Washington or the United States District Court for the Eastern District of Washington with venue in Spokane County. In the event Supplier is not located within the United States, Supplier and Telect expressly agree that an Order shall not be governed by the United Nations Convention on the International Sale of Goods and that all Orders, notices and writings associated with, arising out of or relating to an Order and its performance, shall be in the English language.

END OF TERMS AND CONDITIONS OF ORDER