

MARITIME APPLIED PHYSICS, INC. GENERAL TERMS AND CONDITIONS

- 1. ACCEPTANCE** This order is Buyer's offer to purchase the goods and/or services in the Purchase Order from Seller. Buyer's placement of this order with Seller is expressly conditioned upon Seller's acceptance of all the terms and conditions contained on or attached to this order. Any objection by Seller to the terms and conditions hereof shall be ineffective unless Buyer is advised in writing thereof within ten days of the date of this order.
- 2. IDENTIFICATION** All invoices, packages, shipping notices, instruction manuals and other written documents affecting this order shall contain the applicable order number. Packing lists shall be enclosed in each box or package shipped pursuant to this order indicating the contents therein. Invoices will not be processed for payment until all items invoiced are received.
- 3. SHIPPING INSTRUCTIONS** All goods shall be shipped freight prepaid,, F.O.B. destination unless otherwise stated. Where Buyer has so authorized in writing, goods may be shipped F.O.B. shipping point, but Seller shall repay all shipping charges, route the goods by the cheapest common carrier or the carrier specified and add such charges as a separate item on Seller's invoice. Each invoice for shipping charges shall be accompanied by the original or a copy of the bill indicating that such charges have been paid. Buyer reserves the right to reject C.O.D. shipments.
- 4. DELIVERY** Time is of the essence and by this order may be terminated if delivery is not made or services not performed by the date specified on this order. No change in the scheduled delivery date or performance will be permitted without Buyer's prior consent. No acceptance of goods or services after the scheduled delivery date will waive Buyer's rights with respect to such late delivery, nor shall it be deemed a waiver of future compliance with the terms hereof.
- 5. TAXES** This order may be tax exempt. See face of order for details. Seller shall pay all other State, Federal and Local taxes as appropriate.
- 6. PRIORITY RATING** The U.S. Government priority rating for the Products and Services to be delivered under this order is as stated on the face of this order. This priority rating is applicable to this order with respect to all work of the Seller performed in the United States. Seller shall follow the provisions of Defense Materials System Regulation 1 or Defense Priority System Regulation 1 (see 15 C.F.R. Part 700) and all other applicable regulations and orders of the Office of Industrial Resource Administration, Department of Commerce, in obtaining controlled materials and other products and materials needed to fulfill this order.
- 7. WARRANTY** Seller expressly warrants that all Products and Services furnished hereunder shall be merchantable, free from defects in material and workmanship, suitable for the use intended and will conform to the applicable specifications, drawings, samples and descriptions, and if of Seller's design, will be free from design defects. All warranties shall run to buyer and its customers and shall be construed as conditions, as well as warranties, and shall not be deemed to exclude other rights of Buyer under law or this order for a period of twelve (12) months after acceptance by the Buyer and installed for its intended use.
- 8. EXPORT COMPLIANCE** Seller is advised that its performance of this order may involve the use of or access to articles, technical data or software that is subject to export controls under 22 United States Code 2751 - 2796 (Arms Export Control Act) and 22 Code of Federal Regulations 120-130 (International Traffic in Arms Regulations) or 50 United States Code 2401 - 2420 (Export Administration Act) and 15 Code of Federal Regulations 768 - 799 (Export Administration Regulations) and their successor and supplemental laws and regulations (collectively hereinafter referred to as the "Export Laws and Regulations"). Seller represents and warrants that it is either 1) a U.S. Person as that term is defined in the Export Laws and Regulations, or 2) that it has disclosed to Buyer's Representative in writing the country in which it is incorporated or otherwise organized to do business, or if a natural person, all citizenships and US immigration status. Seller shall comply with any and all Export Laws and Regulations, and any license(s) issued thereunder.
- 9. INDEMNIFICATION** Each of the Parties, Buyer and Seller, agrees to indemnify and hold harmless the other Party and its directors, officers and employees ("Indemnified Person") from and against any losses, claims, damages, judgments, assessments, costs and other liabilities (collectively, the "Liabilities"), and will reimburse each Indemnified Person for all fees and expenses, including the reasonable fees and expenses of counsel (collectively, "Expenses") as they are incurred in investigating, preparing, or defending any claim, action, proceeding or investigation (collectively, "Actions"), arising out of or in connection with an Indemnified Person's activities on behalf of the other Party as contemplated by this order. Neither Party shall be required to indemnify the other Party for any Liabilities or Expenses, to the extent they have finally been judicially determined, that result from the willful misconduct or gross negligence of an Indemnified Person. The Parties also agree to reimburse each Indemnified Person for all Expenses as they are incurred in connection with successfully enforcing such Indemnified Person's rights under this Purchase Order.
- 10. INSURANCE** The Seller represents and warrants that, in connection with its activities, it currently carries insurance coverage in such type and amounts as is consistent with industry standards. Such coverage shall include, but is not necessarily limited to, federal and state workers' compensation, general and professional liability and director and officer's coverage. Proof of coverage shall be provided to Buyer upon request. If requested, the Seller shall maintain on file with Buyer copies of all certificates of coverage, and shall affirmatively notify Buyer as to updates and/or changes in policy coverage throughout the term of this order.
- 11. LIENS, CLAIMS AND ENCUMBRANCES** Seller warrants and represents that all the goods will when delivered hereunder be free and clear of all liens, claims or encumbrances of every kind.
- 12. MODIFICATION** This Order constitutes the entire agreement of the parties hereto with respect to the subject matter covered herein, and all previous communications between the parties, whether written or oral, with reference to the subject matter of this order, are hereby canceled and superseded. No modification of, supplement to or waiver of this order shall be binding upon the parties hereto, unless such is in writing and duly signed by the respective parties hereto.
- 13. ARBITRATION** Any dispute, controversy or claim arising under, out of or relating to this contract and possible amendments to this order shall be referred to and finally determined by arbitration in accordance with standard arbitration rules. The tribunal shall consist of a sole arbitrator. The place of arbitration shall be in Maine. The dispute, controversy or claim shall be decided in accordance with the laws of the state of Maine.
- 14. TERMINATION** Seller may by written notice terminate this order in whole or in part at any time by written, emailed or facsimile notice. Such notice may state that termination shall be effective upon receipt, and in that event, Seller shall immediately cease performance. If this order is terminated prior to its completion, Seller shall be entitled to be paid for acceptable work performed up to the date of termination. Termination of this order does not relieve Seller of any liability for damages sustained by Buyer by reason of any breach of this order by Seller. In addition to any other legal or equitable rights and remedies available to it, Buyer may withhold payment to Seller for the purpose of set-off until such time as the exact amount of damages due MAPC is determined.
- 15. TITLE** Title for Sellers products is vested in Buyer upon acceptance and as payment is made. The Seller must obtain approval from Buyer prior to acquiring for its own use or disposing of any property for which title is vested in Buyer under this Clause.
- 16. AUDIT AND RECORD KEEPING** Seller will establish and maintain a system of administrative monitoring procedures and controls, and maintain accounting records in accordance with generally accepted accounting principles, which will enable Seller to comply with the general and specific requirements that apply to performance and payments under this order. To assure the adequacy of Seller's procedures and controls, Buyer may take reasonable steps to monitor and enforce Seller's compliance. All records maintained by Seller pursuant to this order must be made available for inspection by representatives of Buyer and the Government at the regular place of business of Seller during normal business hours with reasonable notice. Seller shall retain and grants Buyer and the Government the right to audit all records for a period of three (3) years after the date of final payment made to Seller under this order; provided that records related to any DCAA audit initiated prior to the expiration of such three-year period must be retained until resolution of the DCAA audit.
- 17. NONDISCRIMINATION** Seller shall comply with all applicable Federal, State and local laws prohibiting discrimination on the basis of race, color, religion, sex, sexual orientation, national origin or citizenship status, age, disability, or veteran status.
- 18. GOVERNING LAWS/COMPLIANCE** The order shall be governed by and construed in accordance with the laws of the State of Maine, except that any provision of this Agreement that is (i) incorporated in full text or by reference from the Federal Acquisition Regulation ("FAR) or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR, or (iii) that is substantially based on any such agency regulation or FAR provision shall be construed and interpreted according to federal common law of government contracts as enunciated and applied by federal judicial bodies, Boards of Contract Appeals, and quasi-judicial agencies of the federal government. This order, and the rights and obligations of the parties hereunder, are subject to the terms and conditions contained in this order. The clauses found in the Federal Acquisition Regulation (FAR) and Department of Defense FAR Supplement ("DFARS") and attached are incorporated herein by reference with the same force and effect as if set forth in full text. In addition, the Seller certifies that it will abide by all applicable provisions of any federal, state, local law or ordinance, as well as the rules and regulations issued thereunder.
- 19. MISCELLANEOUS** In the event one or more clauses of this order are declared invalid, void, unenforceable or illegal, that shall not affect the validity of the remaining portions of this order. Unless approved by Buyer in advance in writing, the Seller shall not assign or subcontract any of its rights or responsibilities under this order.
- 20. RELATIONSHIP** It is expressly agreed that Buyer and Seller are acting under this order as independent contractors, and the relationship established under this order shall not be construed as a partnership, joint venture or other form of joint enterprise, nor shall one party be considered an agent or employee of the other. Neither party is authorized to make any representations or create any obligation or liability, expressed or implied, on behalf of the other party.