

TERMS AND CONDITIONS OF SALE
North Atlantic Industries, Inc.
and its subsidiaries and divisions
Instruments • Apex Signal • Logitek, Inc. • Astrosystems

1. Sale

As used herein, the term "Seller" shall mean North Atlantic Industries, Inc. and term "Buyer" shall mean the person, firm or corporation executing a purchase order for goods supplied by North Atlantic Industries, Inc. (hereinafter "Products").

The terms and conditions of sale contained herein apply to all quotations made and purchase orders entered into by the Seller. The said terms and conditions may in some instances conflict with some of the terms and conditions affixed to the form and/or order blank specified by the Buyer. Therefore, acceptance of the Buyer's order is made only on the expressed understanding and condition that insofar as the terms and conditions of this acceptance conflict with any terms and conditions of the Buyer's order, the terms and conditions of this invoice and/or order acknowledgement shall govern, irrespective of whether the Buyer accepts these conditions by a written acknowledgement, by implications or acceptance and payment of goods ordered hereunder. Seller's failure to object to provisions contained in any communications from Buyer shall not be deemed a waiver of the provisions of this invoice/order acknowledgement. Any changes in the terms and conditions of sale contained herein must specifically be agreed to in writing by the authorized representative of the Seller before becoming binding on the Seller.

2. Price

All prices listed and quoted by Seller are exclusive of any federal, state or municipal sales, use or export/import duties, customs fees or brokerage fees which Seller may be required to collect or pay upon sale or delivery of its products to Buyer and Buyer shall be responsible for payment of such taxes, duties or fees.

3. Terms

The terms of sale are as specified on the face of the invoice. Seller reserves the right to suspend or terminate at any time and for any reason whatsoever any credit terms previously extended to Buyer.

4. Delivery

Delivery terms are FOB Seller's plant unless otherwise specified by Seller. Delivery shall be deemed to have been made when Buyer's shipment has been delivered to a carrier, specified by Buyer on purchase order or equivalent. In the event that Buyer does not specify the carrier, the carrier may be at Seller's option.

5. Title

Title of the products sold hereunder shall pass to Buyer upon delivery by Seller. However, Buyer hereby agrees that Seller shall retain a purchase money security interest in all products sold to Buyer pursuant to this Agreement. To all products now or hereafter acquired by Buyer (the "collateral"), and to any proceeds from the disposition of such products until the purchase price and other charges due Seller shall have been paid in full. Buyer agrees to execute any financing statements or other documents as Seller may request in order to protect Seller's security interest. Upon any default by Buyer hereunder, Seller shall have all rights and remedies of secured party under the Uniformed Commercial Code which right shall be cumulative.

6. Warranty

(a) Seller's assemblies are warranted free from manufacturing and material defects for a period of one (1) year after delivery of same. Any such assemblies purchased from Seller by Buyer which become defective during this period shall be repaired or replaced at Seller's plant, such determination being at Seller's exclusive discretion.

(b) All warranties hereunder are made subject to the proper use by Buyer in the application for which such products were intended. The warranties do not cover any products which have been misused, modified without the prior consent of Seller, have been subjected to unusual stress, have not been properly maintained or on which any original serial numbers or other identification marks have been removed or destroyed. In any event, Seller's liability shall be limited to the replacement value of any damaged or defective part.

(c) The express warranty set forth above is the only warranty applicable to the products sold subject to these terms and conditions and is expressly in lieu of any other warranty by Seller, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose. The express warranty set forth above is also in lieu of any and all liabilities of Seller for damages arising out of or as a consequence of or in connection with the use or performance of Seller's products.

(d) Inbound shipping charges to NAI, including associated taxes, duties, tariffs, etc., shall be paid by the Customer. Return (outbound) warranty repair shipping charges shall be paid by NAI to the Customer's destination.

7. Limitations of Liability

The above warranty provides the exclusive remedies in lieu of any other warranty, including but not limited to Warranty of Merchantability, Fitness for Particular Purpose, and Fitness for Ordinary Purpose used or Purpose intended. NAI's sole liabilities and Buyer's sole remedies under this agreement are limited as provided in the Warranty: by repair or by replacement. NAI, its employees or suppliers shall not be liable for any direct, indirect, consequential, incidental, punitive or exemplary damages resulting from defects in any product, instrument, equipment, service, nor

failure of delivery in whole or in part, nor for injuries resulting from its use or for any other causes.

7. Export

If Customer exports (or re-exports), directly or indirectly, any products or technical data supplied hereunder or any portion thereof, it is Customer's responsibility to assure compliance with U.S. and other applicable export control laws and to obtain any required licenses or approvals in its own name. The Customer is also responsible for the accuracy and completeness of any information or certification provided by Customer for purposes of export control compliance.

8. Inspection

Seller's quality control and inspection system conforms to applicable parts of MIL-I-45208A.

9. Quality

Seller's quality management system is certified to ISO 9001:2008 and AS9100:2004

10. Acceptance

All products sold by Seller hereunder shall be deemed acceptable by Buyer unless within thirty (30) days from the invoice date, Buyer shall notify Seller in writing that such products are damaged, defective or cannot be made operational. In such event, acceptance shall be deemed the successful operation of Seller's products using standard testing procedures. Any claims for shortages must be made to Seller in writing within ten (10) days from the invoice date.

11. Return

All returns must be authorized by Seller. An R.M.A. (Return Material Authorization) number issued by Seller must accompany all returned material.

An RMA number can be obtained by logging on to our website: www.naii.com/rma.

12. Default and Cancellation

In the event of Buyer's default in payment for the products purchased hereunder, upon the terms and conditions agreed upon with Seller, Buyer shall be responsible for all reasonable costs and expenses incurred by Seller in collection of any sums owing by Buyer, and Seller shall not be obligated to make any further deliveries to Buyer. Such reasonable costs and expenses of Seller shall include, but not be limited to reasonable attorney's fees. Should Buyer elect to cancel its order, in whole or in part, Buyer shall be liable to Seller for reasonable cancellation charges which shall include but not be limited to all costs and expenses incurred by Seller in connection with procuring and filling Buyer's purchase order.

13. Governing Law

Seller shall be bound by all terms and conditions of this Invoice/Order Acknowledgement and shall have a binding contract with Buyer upon the occurrence of any of the following:

(a) A purchase order or other acceptance is received from Buyer in response to Seller's verbal or written presentation and quotation or

(b) Written acceptance of a purchase order of Buyer is delivered to Buyer by Seller, or

(c) Seller shall not have tendered refusal of such purchase order to Buyer within thirty (30) days after receipt by Seller of such purchase order. This agreement shall be construed in accordance with the laws of the State of New York. The terms and conditions set forth above shall not be modified, rescinded or waived notwithstanding any varying or conflicting terms or conditions included in any purchase order submitted by Buyer for any products sold by Seller hereunder. Any variations from the terms and conditions hereunder shall only be effective and binding as against Seller if confirmed in writing by a duly authorized officer of Seller.

14. Entire Agreement

The terms and conditions contained herein constitute the entire Agreement between Seller and Buyer. No other representations or warranties shall be binding against Seller. In no event shall Seller be responsible or liable for any special, indirect or consequential damages arising out of this agreement with Buyer.

15. Force Majeure

Seller shall not be liable for any damages or penalty for delay in delivery or for failure to give notice of delay when such delay is due to the elements, acts of God, acts of the Buyer, acts of Civil or military authority priorities, fires or floods, or epidemics, quarantine, restrictions, war, riots, strikes, differences with workmen, accidents to machinery, car shortages, delays in transportation, delays in delivery by Seller's vendors, or any other causes beyond the reasonable control of the Seller. The delivery date shall be deemed extended for a period of time equal to the time lost due to any delay excusable under this clause.

16. Government Contracts

(a) On orders or request for proposals made for products to be supplied under contracts with the U.S. Government on which the Buyer designates the applicable Government contract number, the references to the Federal Acquisitions Regulations (FAR), only applicable FAR and DFAR flow downs shall be followed by NAI, who is operating as a small business on a commercial product contract. NAI seeks to support the US Government Federal Acquisition Streamlining Act (FASA) and Federal Acquisition Reform Act (FARA) initiatives by providing Commercial-Off-The-Shelf (COTS) 'commercial item' based products.

NAI hereby accepts the below government clauses for any and all orders when applicable.

- 52-203-5 Covenant against contingent fee
- 52-204-2 Security Requirements
- 52-219-8 Utilization of Small Business Concerns & Small Disadvantage Business Concerns:
 - 52-222-1 Notice to the Government of Labor Disputes
 - 55-222-3 Convict Labor
 - 55-222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation – General:
 - 52-222-20 Walsh-Healy Public Contract Act
 - 52-222-21 Certification of Non-Segregated Facilities
 - 52-222-25 Affirmative Action Compliance
 - 52-222-26 Equal Opportunity
 - 52-222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and other Eligible Veterans
 - 52-222-36 Affirmative Action for Workers with Disabilities
- 52-223-2 Clean Air and Water
- 52-225-3 Buy American Act-Supplies
- 52-229-3 Federal, State and Local Taxes
- 52-232-9 Limitations on withholding of payments
- 52-243-1 Changes - Fixed price

(b) Unless specifically otherwise agreed in writing by Seller, this order does not involve any type of experiment, development or research work as one of its purposes.

(c) As a supplier of proprietary COTS products funded, designed, manufactured and qualified at NAI's expense, which fall under the definition of 'commercial items' NAI shall only incorporate clauses to contracts that are applicable to a commercial sale of goods that were negotiated for sale by the buyer or its agents from a Small Business for the purchase of COTS products.

(d) NAI shall retain all rights and total exclusivity regarding its products, intellectual property rights, copyrights, trademarks, patents and trade secrets, schematics, logic diagrams, and manufacturing processes and know how, and to all changes and modifications, funded by seller or funded by Buyer's purchase order. Seller expressly retains ownership and does not convey, nor does Buyer's or Buyer's final customer obtain any right, title, or interest in, software or firmware, specifications or data furnished or developed by Seller, before during or after performance of this or any related contract.