



Ernst & Young PS
DK-2000 Frederiksberg

MICRO SYSTEMS ENGINEERING, INC
TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE** Acceptance of this order is expressly limited to the terms and conditions of this order, and none of SELLERs Terms and Conditions shall apply in acknowledging this order or the acceptance of this order unless agreed to in writing by an authorized representative of BUYER. If any part of the goods ordered is shipped by SELLER, such conduct will constitute an acceptance of the Terms and Conditions of this order. Acceptance of any part of the goods delivered by SELLER in response to this PURCHASE ORDER will not constitute acceptance of SELLERs Terms and Conditions.
2. **DELIVERY** Time is of the essence in the performance of this order by SELLER. If SELLER fails to make delivery within the time specified, BUYER shall have the right to cancel this order and return any partial shipment previously made by SELLERs expense. In the event that SELLER makes early delivery, BUYER may at its option, either retain the goods received or return them to the SELLER at SELLERs expense; if retained, time for payment and discount shall be based on the scheduled delivery date. SELLER shall not be liable for delay in delivery as a result of causes beyond SELLERs control, provided that SELLER promptly notifies BUYER of the events which result in the delay.
3. **SHIPPING** Goods must be packed and prepared for shipment to secure lowest transportation rates and comply with carrier regulation. BUYER will not pay for packing or crating unless stated in this order. Each container must be identified with BUYERs purchase order number that must also be indicated on BILLS OF LADING. SELLER shall comply with BUYERs shipping and routing instruction and shall not use premium cost transportation unless authorized by BUYER.
4. **CHANGES** At any time prior to shipment BUYER may make changes to his order with respect to the following: Specification, Method of Shipment or Packing, Time and Place of Delivery, and Quantity of Goods. If any such changes cause an increase or decrease in the cost of goods, or the time required for performance, an equitable adjustment shall be negotiated accordingly. SELLER must make any claim for adjustment under this clause with ten (10) days from the date of receipt by SELLER of the change to this order.
5. **INSPECTION AND ACCEPTANCE** All goods will be subject to final inspection and acceptance at the premises of BUYER. In the event of SELLERs breach of any warranty or agreement of SELLER, BUYER ay (a) return non-conforming goods to SELLER, at SELLERs risk and expense, for full credit and without replacement; or (b) return non-conforming goods, at SELLERs risk and expense, and require prompt correction or replacement within 60 days without additional cost to BUYER. Any time non-conforming goods are returned by BUYER, a Debit Memo will immediately be issued to SELLER. In the event of breach of any agreement of SELLER, in addition to the remedies set forth above, BUYER ay cancel any part or all of this order without liability except in regards to conforming goods delivered and accepted by BUYER, regardless of whether the breach goes to part or all of the goods and BUYER may recover consequential and incidental damages from SELLER incurred by BUYER as a result of such breach. In addition to the rights and remedies provided in this clause, BUYER shall have all the rights and remedies provided bylaw.
6. **WARRANTY** All specifications, drawings, and other data submitted to BUYER are incorporated by reference into this order and the SELLER expressly warrants that the goods or services shall conform to this data. Goods delivered are expressly warranted by SELLER to be merchantable, of good material and workmanship, free from any defect in material, labor, or fabrication, and fit for the particular use of the BUYER. All warranties shall survive inspection tests, acceptance, and payment for goods shall run to BUYER and its customers.
7. **PATENT INDEMNITY** The SELLER agrees to defend at its own expense BUYER and its customers and users of the products of BUYER and to hold them harmless with respect to any and all claims that the products or materials furnished by the SELLER under this order infringe and patent, trademark, copy right, or other proprietary rights of third parties with respect to all suits, demands, and liabilities arising out of any such claims. This provision shall not apply to any claim based on the SELLERs use of a design required to comply with the writteninstructions of BUYER if such design is not normally utilized by SELLER.
8. **BUYERS PROPERTY** All materials, tools, plates, artwork, film drawings, specifications and similar items furnished or paid for by BUYER shall be clearly identified as BUYERs property. SELLER agrees that it will use such property only for filling orders of BUYER and will treat such property confidentially and not disclose it to any third party. SELLER shall safely store such property, shall be responsible for loss or damage to such property, and shall return such property to BUYER in good condition. Such property shall be subject to removal at BUYERs written request in which event SELLER shall prepare such property for shipment and shall redeliver it to BUYER at no expense except for transportation.
9. **SELLERS INFORMATION** Unless expressly agreed to in writing by BUYER, no information or knowledge disclosed to BUYER in the performance of or in connectionwith this order shall be claimed by SELLER as confidential or proprietary, and any such information or knowledge shall be free from any restrictions on BUYER and is submitted to BUYER as part of the consideration forthis order.
10. **BUYERS INFORMATION** Unless otherwise specifically agreed on in writing, all specifications and documents delivered by BUYER to SELLER are the property of BUYER. Such property is delivered solely for the purpose of SELLERs performance of this order and on the express condition that the information contained therein shall not be disclosed to others or used for any purpose other than in connection with this order. Such property is to be returned to BUYER promptly on its written request during or after completion of SELLERs performance. This obligation shall survive the cancellation, termination, or completion of this order.
11. **NON-ASSIGNMENT** This PURCHASE ORDER or money payable as a result of this order shall not be assigned in whole or in part by operation of law or otherwise without BUYERs written consent. In the event of such consent, any assignees rights shall be subject to recoupment for any present or future claims BUYER may have against SELLER.
12. **TERMINATION** If SELLER ceases to conduct its operations in the normal course of business or if any proceeding under the bankruptcy or insolvency laws is brought by or against SELLER, BUYER may cancel this order without liability, except for deliveries previously made or for goods then completed and subsequently delivered in accordance with all terms of this order. If SELLER fails to perform or comply with any of the provisions of this order, BUYER may terminate the order in whole or in part and BUYER reserves all rights and remedies provide by law in case of such failure of performance in addition to the right of termination. BUYER may terminate all or any part of this order, without cause, at any time on written notice to SELLER; BUYER will thereafter pay SELLERs costs properly allocable to the termination.
13. **CANCELLATION** In the event of cancellation of a purchase order by BUYER due to reasons other than take out *those previously listed, or breach by SELLER, BUYERs liability is limited to (a) any engineering and tooling expenses as specified in the original purchase order, (b) those materials already shipped and/or scheduled for shipment during the period not to exceed 60 days, as negotiated between Buyer and SELLER at time of order cancellation. Under no circumstance will BUYER be liable for whole or partial materials produced in advance of normal production lead times for purchase order requirements.
14. **COMPLIANCE WITH LAWS** SELLER shall comply with applicable federal state and local laws, rules, and regulations.
15. **GENERAL** This order is subject to and shall be interpreted in accordance with laws of the state of OREGON. This order embodies the entire agreement of the parties, and no other agreements, verbal or otherwise, in relation thereto exist between the parties. No waiver by BUYER or any provision hereof shall be construed as a waiver by BUYERof its right to insist on compliance in the future.

SUPPLIER QUALITY PERFORMANCE RATING SYSTEM

The supplier quality performance record shall be based on 100% performance rating with the percentage distribution described herein. Delivery 10% total lots received greater than 1 week late shall have 5% deducted for each week.

NOTE: Supplier corrective action is required at week 3 unless Purchasing negotiates a revised delivery schedule and issues an amended purchase order.

Quality provisions 20% total deduct 5% for each infraction or part thereof requirements.

NOTE: Supplier corrective action is required when deduction in rating is > 10 percent.

Acceptance 60% - deduct 10% for each non-conformance category plus the percentage of discrepant items.

NOTE: Loss of 10% deduction in rating requires supplier corrective action notification in addition to any non-conformance corrective action.

Performance level ratings shall be utilized by purchasing for priority consideration of approval vendors. Ratings above 90 allows purchasing to procure as required. Ratings of 60 to 85 require corrective action to improve performance.