

SPARTON CORPORATION TERMS AND CONDITIONS OF SALE

THESE TERMS AND CONDITIONS APPLY TO ALL GOODS AND/OR SERVICES ("PRODUCTS") SOLD AND/OR PERFORMED BY SPARTON CORPORATION AND ITS SUBSIDIARIES AND AFFILIATES ("SPARTON") AND ARE INCORPORATED INTO EACH AND EVERY QUOTATION, ACKNOWLEDGEMENT OR OTHER DOCUMENT ISSUED BY SPARTON. BY PURCHASING PRODUCTS FROM SPARTON, BUYER INDICATES THAT IT HAS READ, UNDERSTANDS AND AGREES TO BE BOUND BY THESE TERMS AND CONDITIONS WITHOUT MODIFICATION.

1. **OFFER AND ACCEPTANCE.** Sparton's quotation or other offer document, together with these Terms and Conditions ("Quotation") constitutes Sparton's offer to the purchaser identified in the Quotation ("Buyer"), for the period stated therein, to sell the Products identified in the Quotation and otherwise to enter into the agreement the Quotation describes and the Quotation shall be the complete and exclusive statement of such offer and agreement ("Agreement"). The Agreement is formed when Buyer accepts the Quotation by written acknowledgement or by the issuance to Sparton of a purchase order or other acceptance document for the Product ("Purchase Order"). Acceptance is expressly limited to these Terms and Conditions and the terms and conditions expressly referenced on the face of the Quotation. Any additional or different terms set forth or referenced in Buyer's Purchase Order are hereby objected to by Sparton and shall be deemed a material alteration of this offer and not a part of any resulting order, unless specifically agreed to in writing signed by an authorized representative of Sparton. Notwithstanding any contrary provision in Buyer's Purchase Order, delivery of Products or commencement of production by Sparton shall not constitute acceptance of Buyer's terms and conditions to the extent any such terms or conditions are inconsistent with or in addition to the terms and conditions contained in the Quotation. Where a Quotation and/or Purchase Order is not issued as described above, Sparton's order acknowledgement or other confirmation document, together with these Terms and Conditions, shall be the complete and exclusive statement of the Agreement described herein.

2. **PRICES.** Prices for Products shall be those shown on the face of the Quotation; provided, however, that if such prices are based on the purchase of a quantity of Products and Buyer fails to purchase such quantity, Sparton shall have the right (in addition to any other rights and remedies Sparton may have) to collect from Buyer the difference between the price paid by Buyer for the Products purchased and Sparton's standard price for such Products in the quantity purchased by Buyer. Unless otherwise expressly stated on the face of the Quotation, prices do not include storage, packaging, handling or transportation charges or any applicable federal, state, local or foreign duties or taxes, including excise, sales or use. Sparton reserves the right to invoice Buyer for any such charges, licenses, duties and taxes that are or may become payable by Sparton. Sparton reserves a security interest in any Products sold to the extent of the invoiced amount to secure payment of Buyer's obligations. If Buyer defaults under any obligation hereunder, it agrees to make the Products available so that Sparton may repossess them without breach of the peace. Sparton may file, and at Sparton's request Buyer will execute, any instrument Sparton shall desire to perfect its security interest.

3. **PAYMENT TERMS.** Unless otherwise stated on the face of the Quotation, all payments shall be made in US dollars and are due and payable thirty (30) days from the date of invoice; however, Sparton may require prepayment or other terms. All shipments, deliveries, and performance of work covered by the Quotation shall at all times be subject to the credit approval of Sparton. Sparton may at any time decline to make any shipments or deliveries, or perform any work except upon receipt of payment or upon terms and conditions or security arrangements satisfactory to Sparton. All shipments outside of the United States must be prepaid. If any payment owed to Sparton is not paid when due, it shall bear interest at the lesser of 2% per month or the maximum rate permitted by law, from the date on which it is due until it is paid. Buyer shall pay all costs, including reasonable attorney's fees, incurred by Sparton in any action brought by Sparton to collect payments owing or otherwise enforce its rights under the Agreement. Buyer is prohibited from and shall not setoff against or recoup from or otherwise debit, chargeback or net from any invoiced amounts due or to become due from Buyer or its affiliates any amounts due or to become due from Sparton or its affiliates, whether arising under the Agreement or under any other agreement.

4. **DELIVERY AND SCHEDULING.** All sales of Products are EXW Sparton's facility (Incoterms 2010) unless otherwise expressly stated in the Quotation. Sparton's liability for delivery shall cease upon Sparton's delivery to the carrier at the EXW delivery point. Title and all risk of loss or damage to the Products shall pass to Buyer upon delivery to the carrier and Buyer shall assume full responsibility for negotiating with the carrier in the event of misdelivery, loss or damage. Buyer shall promptly examine Products for physical damage upon receipt and shall notify Sparton of damage, or of any shortage or overshipment, no later than five (5) days from receipt of shipment at Buyer's facility. Unless otherwise stated in the Quotation, Buyer's specified delivery dates and quantities shall allow for firm lead times of no less than sixty (60) days and are subject to acceptance by Sparton. Buyer shall be liable for all costs associated with non-cancelable and/or non-returnable materials and any other losses or expense due to changes within applicable firm lead times. Any delivery dates set forth in the Quotation are approximate only. Sparton recognizes that prompt deliveries are desired; however, Sparton shall not be liable for, nor shall Sparton be in breach of, its obligations to Buyer because of any delivery made within a reasonable time after the stated delivery date. Sparton shall not be liable for any late delivery caused by the failure of Buyer to provide any necessary information in a timely manner. Upon written request by Buyer, Sparton will ship individual units of Product to the destination and via the carriers specified by Buyer, freight collect. When tendered, and during shipment, Products will be packed at Buyer's expense, unless otherwise expressly stated in the Quotation, and in accordance with standard commercial practices for domestic shipment. Any modification to this shipping standard specified by Buyer will be billable to Buyer.

5. ADJUSTMENTS. Sparton reserves the right to equitably adjust the price and delivery terms of the Agreement in the event of, and as a condition to, any changes in the specifications, timing or other requirements for Products, the scope of any work covered by the Agreement or the volumes of Products.

6. WARRANTY

(a) Sparton warrants to Buyer, and to no other legal entity, that at the time of delivery to Buyer, the Product will be (i) free from defects in material and workmanship and (ii) in conformity with Sparton's published technical descriptions for the Product in effect at the time of sale of the Product or, if applicable, Buyer's drawings and specifications referenced in the Quotation. This warranty is not applicable to consumers and/or items purchased by Sparton and covered by a separate vendor warranty.

(b) Sparton shall have no responsibility or obligation to Buyer for warranty claims related to Product failures caused by incompatibility with other systems or devices; Products damaged by misuse, accident, neglect, or improper installation, alterations or repairs, including the use of non-conforming parts; or the failure of the Product to perform or operate other than in conformity with Sparton's published technical descriptions for the Product in effect at the time of sale of the Product or, if applicable, Buyer's specifications referenced in the Quotation. Buyer shall determine the suitability of the Product for its intended use and Buyer assumes all risk and liability whatsoever in connection therewith.

(c) Any claim for defective or non-conforming Product based on a breach of the foregoing warranties must be presented to Sparton by Buyer in writing within thirty (30) days from the date of Buyer's discovery of such defect or non-conformity, but in no event later than three (3) months following Buyer's receipt of medical and biotechnology devices and one (1) year following Buyer's receipt of any other Product. Failure by Buyer to provide Sparton with written notice of any defect or nonconformity within such time period shall be deemed an absolute and unconditional waiver of Buyer's claim for breach of warranty. All claims must be made in accordance with Sparton's return material authorization process. Buyer must hold and make available for inspection and testing by Sparton all Product claimed by Buyer to be defective or non-conforming. Any claim for defective or non-conforming Product must be verified by Sparton's authorized representative, in which case, Sparton's liability will be limited as set forth below. Buyer is responsible for all return transportation charges. If Buyer requests and Sparton approves corrections, repairs or replacements to be made at any facility designated by Buyer other than Sparton's own facility, Buyer agrees to compensate Sparton at its prevailing rates for all field personnel, travel, per diem and local transportation costs. Any Product submitted pursuant to the warranty provisions of the Agreement that passes Sparton's inspection/acceptance tests will be returned to Buyer as No Defect Found (NDF) and Sparton will invoice Buyer a per lot testing and handling charge, as quoted.

(d) In the event that any Product manufactured by Sparton is determined to be defective or non-conforming based on a breach of the foregoing warranties, Sparton shall, at Sparton's option, either credit Buyer for any such defect or nonconformity, not to exceed the purchase price paid by Buyer for such Product(s), or, at Sparton's expense, replace, repair or correct such Product(s). The foregoing constitutes Buyer's sole remedies against Sparton for breach of warranty claims.

(e) THE WARRANTIES LISTED ABOVE ARE EXCLUSIVE AND SPARTON EXPRESSLY DISCLAIMS AND BUYER WAIVES ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESSED OR IMPLIED, STATUTORY OR ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF NON-INFRINGEMENT AND ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

7. LIMITATION OF LIABILITY. IN NO EVENT SHALL SPARTON'S LIABILITY ARISING OUT OF OR RESULTING FROM THE AGREEMENT, INCLUDING, WITHOUT LIMITATION, FOR THE MANUFACTURE, DELIVERY, SALE, REPAIR, REPLACEMENT, INSTALLATION OR USE OF ANY PRODUCT, EXCEED THE AMOUNTS ACTUALLY PAID BY BUYER FOR THE PRODUCTS THAT ARE ALLEGED TO BE DEFECTIVE OR NONCONFORMING OR THE CAUSE OF ANY LOSS OR DAMAGE, WHETHER FOUNDED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SPARTON BE LIABLE FOR ANY SPECIAL, INDIRECT, EXEMPLARY, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF ANTICIPATED PROFITS, LOSS OF USE, LOSS OF REVENUE AND COST OF CAPITAL) ARISING OUT OF OR RELATING TO THE AGREEMENT OR ANY PRODUCTS. BUYER WILL, AT ITS EXPENSE, INDEMNIFY, DEFEND AND HOLD SPARTON HARMLESS FROM AND AGAINST ANY AND ALL THIRD PARTY CLAIMS FOR ANY LOSSES, LIABILITIES OR DAMAGES LIMITED BY THIS PARAGRAPH.

8. INTELLECTUAL PROPERTY INFRINGEMENT. Buyer will, at its expense, indemnify, defend and hold Sparton harmless from and against any and all losses, liabilities, damages and expenses (including, without limit, court costs, legal expenses and attorney fees) arising out of or in connection with any claim for actual or alleged infringement of any patent, copyright, trade secret or other intellectual property right based upon Sparton's manufacture or use of the Products.

9. TERMINATION. In the event that Buyer breaches this Agreement in any manner, Sparton may, by written notice to Buyer, terminate this Agreement, any Purchase Order, or any part thereof, without any liability to Buyer. Any one of the following acts by Buyer

shall constitute a breach by Buyer: (a) failure to make payment for any Products from Sparton when due; (b) failure to accept conforming Products supplied hereunder; (c) failure to obtain written consent of Sparton prior to the return of any Products; (d) the filing of a voluntary or involuntary petition in bankruptcy (including reorganization) against Buyer, the appointment of a trustee or receiver of Buyer or an assignment for the benefit of creditors of Buyer; and (e) any other act by Buyer in violation of any of the provisions of this Agreement. Buyer may not cancel or otherwise terminate this Agreement, any Purchase Order, or any part thereof, without the prior written consent of an authorized representative of Sparton. If Buyer attempts to cancel this Agreement, any Purchase Order, or any part thereof, without Sparton's properly authorized consent, or otherwise repudiates this Agreement, Buyer shall be liable to Sparton for all of Sparton's incurred costs and non-cancelable commitments to the date of such attempted cancellation, plus Sparton's incidental damages as well as the profit Sparton expected to realize upon full performance of this Agreement. Sparton's rights and remedies under this Agreement are cumulative and not alternative and are in addition to any other right or remedy to which Sparton may now or subsequently be entitled to at law or in equity, by contract, statute or otherwise.

10. **MATERIAL EXPOSURE.** Upon termination, cancellation or change of any order, Buyer shall purchase all finished Products at the previously quoted price and shall purchase all work-in-process and inventory at 115% of Sparton's cost. Sparton is authorized to invoice such costs against the original order if Buyer fails to issue a separate order for such finished Products, work-in-process and/or inventory within thirty (30) days of the termination, cancellation or change. Buyer shall pay Sparton a monthly carrying charge consisting of 2% of Sparton's cost for inventory and materials related to any order that are not incorporated into Products tendered to Buyer within ninety (90) days following Sparton's receipt of the order. Further, Buyer must purchase all such inventory and materials at 115% of Sparton's cost if not incorporated into Products tendered to Buyer within one-hundred and eighty (180) days following Sparton's receipt of the order.

11. **INFORMATION AND DOCUMENTATION.** Sparton shall only be responsible to provide Buyer with such information, disclosures, warnings, labels, instructions and other documentation concerning (a) Products and their ingredients, materials and components, (b) the shipping, handling, delivery, use and disposal of such Products, ingredients, materials and components, and (c) any import, export, customs, rules of origin, tax or related matters, as are, in each such case, reasonable under the circumstances and specifically identified by Buyer to Sparton in writing. Buyer shall reimburse Sparton for any cost to Sparton of providing any such information, disclosures, warnings, labels, instructions and other documentation.

12. **COMPLIANCE.** Buyer shall be solely responsible for compliance with any federal, state, local or foreign laws, rules, regulations and ordinances or any industry standards that may be applicable to the Products. Without limiting the generality of the foregoing, Buyer is solely responsible for compliance with all applicable laws and regulations of the U.S. and other countries with respect to the export and use of any Products. Buyer will not export, either directly or indirectly, any Product or system incorporating such Product without first obtaining any required license or other approval from the U.S. Department of Commerce, or any other required agency or department of the United States Government. Various export control laws of the United States or other countries may restrict or prohibit export of Products to certain countries. Sparton shall not be liable for non-compliance, compliance or efforts to comply with export control laws in any jurisdiction.

13. **EXCUSABLE DELAY.** Sparton shall not be liable for any delay or failure to perform if such delay or failure to perform is caused by circumstances beyond its reasonable control, including but not limited to acts of God, acts of civil or military authority, fires, epidemics, floods, riots, wars, sabotage, labor disputes, governmental actions or inability to obtain materials, components, energy, manufacturing facilities, or transportation. In the event of any such delay, the date of delivery or performance hereunder shall be extended by a period equal to the time lost by reason of such delay. In the event Sparton's production is curtailed for any of the above reasons, Sparton may allocate its production among its various customers. Such allocation shall be made in a commercially fair and reasonable manner.

14. **PROPRIETARY MATERIALS.** Sparton shall have and retain all rights, title and interest, including all intellectual property rights, in and to all Products and associated materials, including, without limitation, all related reports, specifications, drawings, designs, computer programs and any other property, tangible or intangible, furnished by Sparton in connection with or under the Agreement ("Proprietary Materials"). No Proprietary Materials created by Sparton in connection with or pursuant to the Agreement shall be considered "works made for hire" as that term is used in connection with the U.S. Copyright Act. Buyer shall not have any license to use any intellectual property rights of Seller except to the extent expressly agreed to in a separate license agreement mutually agreed in writing between Sparton and Buyer.

15. **CONFIDENTIAL INFORMATION.** Buyer shall maintain the confidentiality of all technical, business or financial information of Sparton ("Confidential Information") in the same manner in which it protects its own confidential information of like kind, but in no event shall Buyer take less than reasonable precautions to prevent the unauthorized disclosure, publication, dissemination or use of the Confidential Information. Upon termination of the Agreement, Buyer shall return the Confidential Information and shall not use the Confidential Information for its own, or any third party's, benefit.

16. **GOVERNING LAW; JURISDICTION; VENUE.** The Agreement and any other documentation between Sparton and Buyer for the Products shall be governed by the internal laws of the State of Illinois without regard to any applicable conflict of laws provisions. The

United Nations Convention on the International Sale of Goods is expressly excluded. Buyer consents to the exclusive jurisdiction of the Courts of the State of Illinois and the United States District Court for the Northern District of Illinois for any action or proceeding arising out of, or in connection with, the Agreement and any other documentation between Sparton and Buyer for the Products. Buyer specifically waives any and all objections to venue in such courts.

17. ASSIGNMENT. Buyer may not assign its rights or obligations under the Agreement without the prior written consent of Sparton and any purported assignment without such consent shall have no force or effect.

18. WAIVER. Waiver by Sparton of any of the terms or conditions of the Agreement shall be effective only if in writing and signed by Sparton, and shall not constitute a waiver of such terms as to any subsequent events or conditions, whether similar or dissimilar. No course of dealing or custom in the trade shall constitute a modification or waiver by Sparton of any right.

19. AMENDMENT. The terms and conditions of the Agreement may not be superseded, modified or amended except in writing by stating that it is such a modification and signed by an authorized representative of each party hereto, provided, however, that Sparton may modify the specifications of the Products sold hereunder if such modification does not change the form, fit or function of such Products.

20. NOTICES. Notices and correspondence required by or pertaining to the Agreement shall be directed to Sparton's Contracts Manager at the location shown by the address of Sparton as set forth on the Quotation

21. SEVERABILITY. The invalidity or enforceability of any particular provisions of this Agreement shall not affect the other provisions within this Agreement, and the remaining provisions of this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. In the event that any part of this Agreement is held by any court or other judicial or administrative body to be null, void or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect.

22. SURVIVAL. These Terms and Conditions shall survive and continue in full force and effect following the expiration, cancellation or termination of the Agreement.

23. ENTIRE AGREEMENT. The Quotation, along with the documents incorporated by reference on the face of the Quotation (but expressly excluding any of the terms and conditions of Buyer's Purchase Order or any similar document issued by Buyer), constitutes the entire agreement between Buyer and Sparton with regard to the matters and Products listed herein and on the face hereof, and expressly supersedes and replaces any prior or contemporaneous agreements, written or oral, relating to such Products.