

May 16, 2012

Defense Suppliers of Electronic Components

To Whom it May Concern,

Defense Suppliers of Electronic Components is authorized to buy direct from Otto Engineering.

Regards,

Patti Snider

Customer Service Representative

GENERAL CONDITIONS OF SALE

1. Your order from OTTO is accepted at Carpentersville, Illinois at the indicated prices (with applicable taxes, if any being in addition) and subject to the condition that it is not in violation of any government rulings, conservation orders or other applicable laws and regulations. Changes in purchaser specifications from any submitted sample, drawing or OTTO specifications are subject to OTTO's acceptance in the same manner as the original order, and, in any event such changes are the responsibility of the Purchaser, and OTTO is to be reimbursed for all costs and materials which cannot be used due to the changed specifications unless written agreement to the contrary, signed by an officer of OTTO, expressly waives that responsibility. Prices shown for merchandise to be scheduled and shipped over a 12 month or longer period, are protected for the first 90 days from the effective date of any OTTO general price increase. Thereafter, the increase will be applied at the rate of 2% increase per month for the duration of the contract, but not to exceed the full amount of the increase. Any OTTO general price decreases made effective during the contract life will be applied to the balance of any scheduled order.
2. Delivery promises are made in good faith, but are not guaranteed. OTTO will not be liable for any delay in delivery due to (a) fires, floods, strikes, or other labor disputes, accidents to machinery, acts of sabotage, riots, precedence or priorities granted at the request or for the benefit, directly or indirectly, of the Federal or any State Government or any subdivision or agency thereof, delays in transportation, or lack of transportation facilities, restrictions imposed by Federal or State legislation or rules or regulations thereunder, or (b) any other cause beyond the control of OTTO.
3. Tools and dies embody OTTO's designs and any changes made to them represent only a portion of their costs. Accordingly, OTTO retains the title and all rights thereto including their possession. Engineering charges, if any, represent only a portion of the cost of all designs, drawings and inventions are and will remain proprietary to OTTO.
4. On orders for any special merchandise, OTTO reserves the right to produce, ship and invoice quantities that may vary 5% more or less than the exact quantity specified on the order.
5. The order is a firm commitment on the part of the Purchaser. If it is necessary for the Purchaser to cancel all or part of the undelivered balance, OTTO shall invoice and the Purchaser shall be obligated to pay for any partially complete units, special materials which have been purchased for the contract, fully completed unshipped units for special materials ordered, fully completed unshipped units containing special parts or materials, OTTO's overhead expenses and other expenses incurred in exercising cancellation, and for any price difference in quantity taken vs. quantity ordered. Purchaser agrees to pay such charges within 30 days after cancellation.
6. Merchandise returned for credit without prior approval of OTTO will be either credited at OTTO's valuation or rejected, at OTTO's option.
7. LIMITED WARRANTY - OTTO makes the following limited warranty to purchasers of OTTO's products who buy direct from OTTO and from OTTO's authorized distributors. OTTO warrants that for a period of fifteen months from the date of manufacture stamped on product at OTTO's factory, its products will meet the nominal performance criteria stated in OTTO's printed publications and proposals and will be free from defects in material and workmanship. If a warranty claim is properly submitted, OTTO will inspect the OTTO product at OTTO's factory and if the product is defective, OTTO, at its option, will either repair or replace the defective product or refund the purchase price paid by the Purchaser for the defective product. To properly submit a warranty claim the Purchaser must obtain OTTO's prior written authorization to return the product(s), must bear all costs of disassembly, and prepay all expenses of shipping the product to OTTO's factory, and must agree to pay all expenses for returning the product from OTTO's factory and reassembly. This warranty will be voided if any repair, replacement or alteration is made or attempted on any OTTO product by anyone other than authorized OTTO personnel at OTTO's factory without OTTO's prior written consent, or if there has been any misuse or misapplication of the OTTO product. OTTO's only liability under its warranty is as stated above. OTTO makes no warranty (1) to anyone who purchases or acquires any OTTO product from any source other than OTTO or its authorized distributors, (2) to anyone who purchases, acquires or uses any other manufacturer's product in which any OTTO product is a component, or (3) with regard to any other manufacturer's product used as a component in any OTTO product. OTTO shall not be liable for any incidental or consequential damage caused by the nonconformance of any OTTO product with this warranty. THERE ARE NO OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE.
8. All contracts involving merchandise by OTTO shall not grant the Purchaser any license or right of any kind under any patent, trademark, trade name or copyright owned or controlled by OTTO or under which OTTO has a license, except as may be specifically granted in writing signed by an officer of OTTO or which flow as a matter of law from the sale per se.
9. All contracts of Purchaser involving the later sale or use of merchandise of OTTO as a component in any process or combination with other components, or special use, will hold OTTO harmless against infringement of any letters patent, copyrights, trademarks, trade secrets, or trade names which may arise through such application or use of OTTO merchandise and Purchaser agrees to indemnify, defend and save OTTO harmless from all cost and expense, including attorney's fees, arising from such application and use by Purchaser or third party.
10. Where products are manufactured by OTTO to meet Purchaser's particular specifications or requirements and not part of OTTO's standard line offered by it to the trade generally in the usual course of business, Purchaser agrees to defend, indemnify and save harmless OTTO against all suits at law or in equity and from all damage, claims and demands for actual or alleged infringement of any United States or foreign patent because of the manufacture and/or sale of the product covered hereby.

11. OTTO reserves the right, among other remedies, to terminate or suspend further deliveries in the event Purchaser fails to pay for any one shipment when the same has become due. Should Purchaser's financial responsibility become unsatisfactory to OTTO, cash payments or other satisfactory security may be required by OTTO for future delivery and for goods theretofore delivered. If necessary, Purchaser shall sign any document necessary to protect OTTO's interest in the goods while any part of purchase price remains unpaid.
12. Unless specifically stated otherwise, all sales are f.o.b. Carpentersville, Illinois and Purchaser shall assume all responsibility and risk of loss in connection with goods upon delivery thereof to a common carrier.
13. Unless otherwise provided herein, OTTO warrants good title and that the goods shall be free from all liens, security interest, or other encumbrances. In the event that goods are reclaimed by a third party as rightful owner, or there exists a lien, security interest, or other encumbrance on the goods, Purchaser's remedy shall be limited to the right to restitution of the purchase price.
14. In the absence of a written acceptance of these terms and conditions of sale by the Purchaser, acceptance of any of the goods by Purchaser shall constitute acceptance of these terms and conditions notwithstanding any contrary or inconsistent oral communications. OTTO's failure to object to any contrary or inconsistent provisions contained in any request for proposal, purchase order or other written communication from Purchaser shall not be deemed a waiver or modification of these terms and conditions of sale, or acceptance by OTTO of any such contrary or inconsistent provisions. Any deviation from these terms and conditions of sale shall not be binding on OTTO unless they are reduced to writing and signed by an officer of OTTO.
15. Stenographic and clerical errors are subject to correction.
16. Any acts construable as a waiver of any terms or conditions of sale shall be deemed as noncontinuing in nature and not deemed a waiver of future application of the terms and conditions.
17. Any claims for shortage or any claim for credit from OTTO for any cause must be submitted to OTTO within 30 days after delivery or such claim shall be deemed waived. The merchandise delivered hereunder is subject to the Purchaser's inspection within 30 days after delivery to Purchaser or its agent and OTTO agrees to either repair, replace, or issue credit for, at OTTO's sole option, all defective merchandise that has not been altered.
18. OTTO warrants that it has complied with all of the provisions of the Fair Labor Standards Act of 1938 of the United States.
19. There are incorporated herein the provisions of Executive Order 11246 (as amended) of the President of the United States on Equal Employment Opportunity and the Rules and Regulations issued pursuant thereto with which OTTO represents that it will comply, unless exempted.
20. Purchaser may not assign its rights or delegate its performance without the written consent of OTTO, and any attempted assignment or delegation without such consent shall be void.
21. These terms and conditions of sale shall be considered severable and failure or voiding of any one term or condition shall not affect any other terms or conditions. These terms and conditions shall be construed under and governed by the laws of the State of Illinois.
22. Payment terms printed on the front of the order acknowledgement and/or invoice supersede any contract or purchase order.