

These terms and conditions apply to the Purchase Order (the "Order") of which they are a part, except to the extent that any one or more of such conditions are expressly modified, superseded or cancelled on the face of this Order. Acceptance of this Order must be strictly and exclusively in accordance with the terms stated herein. Additional or different terms proposed by Seller shall not become a part of this Order unless expressly agreed to by Buyer in writing.

1. Quality

Material to be supplied factory new except as otherwise specified. If item to be supplied by Seller differs in form, fit or function from the item requested by Buyer in the RFP, Seller must have notified Buyer in writing of this difference in Seller's proposal.

2. Inspection and Witness of Tests

(A) All goods shall be received at place of final destination, i.e., Israel, subject to Buyer's right of inspection and rejection. Defective goods, goods not in accordance with Buyer's specification, or goods in excess of those specified, will be held for Seller's risk, and if Seller so directs, will be returned at Seller's expense. If inspection discloses that part of the goods received are defective or are not in accordance with Buyer's specifications, Buyer shall have the right to cancel any unshipped portion of the Order. Payments for goods on this Order prior to inspection shall not constitute acceptance thereof and is without prejudice to any claim that Buyer may have against Seller.

(B) If the Order specifies inspection and/or witness of tests by representative(s) of Buyer, Seller shall give Buyer due notice of the times and places thereof and shall, subject to any applicable governmental regulations, arrange for the admission of such representative(s) to the premises wherein the inspection and/or tests are to be made, and provide all reasonable facilities for same.

(C) Failure to make inspection or to witness tests, failure upon inspection or witness of tests to reject any part or all of the goods, or waiver of inspection or of witness of tests shall not relieve the Seller of its obligation to comply with the specifications and to maintain the guarantees or warranties forming a part of this Order, or otherwise applicable to the goods ordered.

3. Time of Shipment

The schedule for shipment or delivery of the goods set forth in the Order is of the essence. If Seller cannot comply with such schedule, it shall so notify Buyer within 10 days of receipt of the Order, stating the best schedule it can offer.

4. Delays in Shipment or Delivery

If, after acceptance of the Order by Seller on the basis of the schedule for shipment or delivery set forth herein or any revision of such schedule approved by Buyer, it should become known to Seller that shipment or delivery will be delayed beyond such established schedule, Seller shall notify Buyer

promptly, stating the reason for the delay, the portion of the goods affected thereby, and the expected extent of the delay. Unless such delay in shipment or delivery is due to circumstances beyond Seller's reasonable control, and without Seller's fault or negligence, Buyer may terminate the Order without any liability, and the Seller shall reimburse Buyer for any loss or expense caused Buyer by such delay.

5. Payment

Unless otherwise specified in the Order, Buyer will make payment in U.S. Dollars within 30 days after receipt of Seller's invoice, packing list, evidence of shipment or delivery in accordance with Buyer's instructions and such other documents as may be called for in the Order all in proper form. Buyer shall have the option to defer payments for invoices and or milestones payments due during the months of August, September and October and to make the payments in November. In consideration for any such deferral Buyer will compensate Seller by either advancing other payments due Seller or paying interest at a rate to be determined.

6. Changes

Buyer shall have the right, by formal amendment to this Order, to require changes in the quantity, quality, or terms of delivery and shipment of the goods sold by Seller. Appropriate agreed to adjustments in the amount due or in the time of delivery required shall be reflected in the amendment. No changes shall be effective unless and until set forth in an amendment signed by the authorized representative of Buyer and Seller.

7. No Charges for Packing and Insurance

No charges are allowed for boxing, packing, crating and insurance, unless specifically provided for in the Order.

8. Assignment

Seller shall not assign or subcontract its obligations under this Order or any interest therein (except subcontracts for parts or components), in whole or in part, to a third party without the prior written approval of Buyer.

9. Warranty

(A) Seller warrants that the goods, articles, materials and work (the "goods") supplied

(1) will be free from defects in material, design, and workmanship,

(2) will be as called for in Buyer's Order and in any specifications incorporated in said Order by reference or otherwise, and

(3) will meet any performance guarantees set forth in the Order or in said specifications or published by Seller as applicable to the goods ordered.

(B) Seller shall modify, repair or replace any part or all of the goods which, within 12 months from the date placed in service or within 18 months from the date of shipment (whichever period expires first),

(1) proves to be defective in either design, material or workmanship,

(2) proves not to be as called for in the Order and on any specification incorporated therein by reference or otherwise, or

(3) having been properly installed, operated, and maintained, fails to function properly or fails upon test under proper test conditions, to meet any performance guarantees set forth in the Order or in said specifications or published by Seller as applicable to the goods ordered.

The decision whether to modify, repair or replace shall be by mutual agreement. All expenses of returning any part or all of the goods to the Seller for examination, modification or repair shall be for the account of Seller.

Unless otherwise agreed by Buyer, any modifications or repair shall be made at, and any replacement shall be provided from, Seller's regular establishment(s) in the U.S. and any modified, repaired or replaced goods or parts thereof shall be delivered free of cost to Buyer's U.S. warehouse and properly prepared for shipment to foreign destination.

(C) Seller warrants that all goods ordered by Buyer which correspond to or are identical with goods sold by Seller to the United States Government or agencies thereof shall be manufactured and tested for Buyer pursuant to those specifications and standards required by the U.S. Government, unless otherwise specified herein.

10. No Commissions

Seller represents and warrants that no element of the Order includes any commission or other contingent fees. In the event the DSCA at any time reduces the amount of the FMF funding approval for this Order because of any issue related to the payment of a commission or contingent fee (including a commission or contingent fee certified by Seller as being paid out of unrelated corporate funds), Buyer shall, in addition to its other rights under the Order, reduce the Order price by the amount of the reduction in FMF funding (i.e., Seller will absorb the amount of the FMF funding reduction in the form of a lower price for the deliverable items). If Buyer has already paid Seller's invoice for the deliverable items, Seller shall refund to Buyer (by sending a check to the DSCA made payable to the U.S. Treasury for deposit into Buyer's FMF trust account) the amount of the FMF funding reduction. If Seller does not execute the refund within 10 days of Buyer's notification to Seller of the need for such a refund, Buyer shall be entitled to offset this amount against invoices due and owing to Seller for other purchase orders.

11. Patent / Copyrights / Trademarks

Seller warrants that the goods purchased hereunder do not infringe any applicable letters patent, copyrights and/or trademarks and Seller agrees to indemnify, hold harmless and protect the Buyer and/or the Israeli end-users from all infringement claims.

12. Taxes

(A) Prices are all inclusive. Buyer shall not be responsible for and shall not reimburse Seller for any federal, state or local U.S. sales, use, excise or other taxes. Buyer shall not be responsible for and shall not reimburse Seller for any Israeli taxes, levies or duties assessed against Seller (or its employees) or any of its subcontractors (or their employees) in connection with this Order. Notwithstanding the above, if this Order includes work approved and authorized by Buyer to be performed by Israeli subcontractors working on behalf of Seller, and Israeli Value Added Tax is assessed against Seller or any of its subcontractors, any such VAT tax would be paid by Buyer directly to the applicable Israeli subcontractors in Israeli currency. Such VAT should not be charged by Seller to Buyer nor paid by Seller to its Israeli subcontractor.

(B) More detailed language is attached as an Annex to this Order if the authorized Scope of Work includes any Seller employees being sent to Israel to live/work in Israel for more than 6 months.

13. Governing Law / Venue

(A) This Order is made pursuant to and is to be governed by the law of the State of New York.

(B) Any dispute resolution process shall take place in the U.S. Federal District Court in New York (SDNY)

14. Termination in Certain Circumstances

(A) In addition to Buyer's right of termination as set forth in Paragraph 4 above, and any other rights of termination which Buyer may have under law if Seller ceases to conduct its operation in the normal course of business (including inability to meet its obligations as they mature), or if any proceeding under bankruptcy or insolvency laws is brought by or against Seller, or if a receiver for Seller is appointed or applied for, or if any assignment for benefit of creditors is made by Seller, Buyer may terminate the Order without liability except for delivery of goods previously made or for such goods then completed and subsequently delivered in accordance with the terms of the Order.

(B) A termination for convenience by Buyer shall be governed by the principles set forth in section 52.249-2 of the April 2012 edition of the U.S. Government Federal Acquisition Regulations.

(C) In the event of a breach by Seller of the representations and/or certifications contained in this Order, Buyer shall have the right to terminate this Order (with no liability to Seller) and return to Seller items previously delivered for a full refund of amounts previously paid.

(D) Seller is fully responsible for maintaining the U.S. content percentage set forth in Seller's proposal. All costs associated with maintaining the U.S. content percentage (i.e., shifting additional work to the U.S.) shall be Seller's responsibility and shall not be reimbursed by Buyer. In the event Seller fails to maintain such U.S. content percentage and because of such failure the DSCA suspends or revokes, in whole or in part, its FMF funding approval, Seller shall be

deemed to be in material breach of its obligations under this Order and Buyer shall be entitled to return all items previously delivered (including finally accepted items) for full refund of all amounts previously paid by Buyer to Seller with no further Buyer financial obligations to Seller.

15. Confidentiality

No information concerning this Order shall be released by Seller without the prior written consent of Buyer.

16. Entire Agreement

The Order, including these terms and conditions and any other documents which are a part thereof, constitutes the entire understanding between Buyer and Seller with respect to the purchase and sale of the goods ordered, and supersedes any previous negotiation, commitments and writing with respect thereto. Any amendment to this Order shall not be effective unless set forth in writing and signed by the authorized representatives of Buyer and Seller. Seller agrees that (i) the DSCA FMF Guidelines for Direct Commercial Contracts and (ii) the DSCA Contractor's Certification and Agreement, are a material part of this Order and that a breach of the Guidelines or the Certification shall constitute a breach of Seller's obligations to Buyer.