

GENERAL TERMS AND CONDITIONS, PURCHASE ORDERS

SECTION 1: GENERAL PROVISIONS – DEFINITIONS

- 1.1 The following terms shall have the meanings set forth: “Contract” means the instrument of contracting, such as “PO,” “Purchase Order,” or other such type designation, including all referenced documents, exhibits and attachments. If these terms and conditions are incorporated into a “master” agreement that provides for releases, (in the form of a Purchase Order or other such document) the term “Contract” shall also mean the release document for the Work to be performed. • “FAR” means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations. • “SONIC” means SONIC INDUSTRIES, INC. acting through its companies or business sites as identified on the face of this Contract. If a subsidiary or affiliate of SONIC is identified on the face of the Contract, then “SONIC” means that subsidiary or affiliate. • “SONIC Procurement Representative” means the person authorized by SONIC’s cognizant procurement organization to administer this Contract • “PO” or “Purchase Order” as used in any document constituting a part of this Contract shall mean this “Contract.” • “SELLER” means the party identified on the face of the Contract with whom SONIC is contracting. • “Work” means all required articles, materials, supplies, goods, and services constituting the subject matter of this Contract.

ACCEPTANCE OF CONTRACT / TERMS AND CONDITIONS

- 2.1 This Contract integrates, merges and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the parties.
- 2.2 SELLER’s acknowledgement, acceptance of payment, or commencement of performance, shall constitute SELLER’s unqualified acceptance of this Contract.
- 2.3 Additional or differing terms or conditions proposed by SELLER or included in SELLER’s acknowledgement hereof are hereby objected to by SONIC and have no effect unless accepted in writing by SONIC.

APPLICABLE LAWS

- 3.1 This Contract and all questions and disputes concerning such arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Connecticut (without regard to the laws that might be applicable under principles of conflicts of law, and without regard to the jurisdiction in which any action or special proceedings may be instituted) as to all matters, including but not limited to matters of jurisdiction, validity, construction, effect and performance. The United Nations Convention on Contracts for the International Sale of Goods (1980) shall specifically not apply to this Contract.
- 3.2 Any provision in this Contract that is (1) incorporated in full text or by reference from the Federal Acquisition Regulation (FAR), or (2) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR or, (3) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, Board of Contracts Appeals, and quasi-judicial agencies of the federal government.
- 3.3 Each of the parties agrees that all actions, suits or proceedings arising out of or based upon this Contract or the subject matter hereof shall be brought and maintained exclusively in the state or federal courts located in the State of Connecticut and each of the parties by execution hereof hereby irrevocably submits to the jurisdiction of the state and federal courts located in the State of Connecticut for the purpose of any action, suit or proceeding arising out of or based upon this order or the subject matter hereof. The provisions of this

- section shall not restrict the ability of any party to enforce in any court any judgment obtained in the state or federal courts located in the State of Connecticut.
- 3.4 SELLER agrees to comply with all applicable laws, orders, rules, regulations, and ordinances. If (1) SONIC's contract price or fee is reduced; (2) SONIC's costs are determined to be unallowable; (3) any fines, penalties or interest are assessed on SONIC; or (4) SONIC incurs any other costs or damages as a result of any violation of applicable laws, orders, rules, regulations, or ordinances by SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier; SONIC may proceed as provided for in 3.5 below
- 3.5 Upon the occurrence of any of the circumstances identified in 3.4 above, SONIC may make a reduction of corresponding amounts (in whole or in part). SELLER shall promptly pay amounts so demanded or credit SONIC's account if and when the SELLER has money due from SONIC.
- 3.6 These rights and obligations shall survive the termination or completion of this Contract.
- 3.7 SELLER represents that each chemical substance constituting or contained in Work sold or otherwise transferred to SONIC hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec 2601 et seq.) as amended.
- 3.7 SELLER shall provide to SONIC with each delivery any Material Safety Data Sheet applicable to the Work in conformance with and containing such information as required by the Occupational Safety and Health Act of 1970n and regulated thereunder, or its state-approved counterpart.
- 3.8 If items to be delivered under this Contract are manufactured with and/or contain Ozone Depleting Substances as defined by 40 CFR Part 82, the appropriate warning label will be applied in accordance with 40 CFR 82.106(a).

ASSIGNMENT

- 4.1 Any assignment of SELLER's contract rights or delegation of duties shall be void, unless SONIC gives prior written consent. However, SELLER may assign rights to be paid amounts due or amounts to become due, to a financing institution if SONIC is promptly furnished a signed copy of such assignment reasonably in advance of the due date for payment of any such amounts. Amounts assigned to an assignee shall be subject to setoffs or recoupment for any present or future claims of SONIC against SELLER. SONIC shall have the right to make settlements and/or adjustments in price with SELLER without notice to the assignee.

CHANGES

- 5.1 SONIC may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of this Contract in any one or more of the following: (1) drawings, designs or specifications; (2) method of shipping or packing; (3) place of inspection, acceptance or point of delivery, and (4) delivery schedule.
- 5.2 If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of this Contract, SONIC shall make an equitable adjustment in the Contract price and/or delivery schedule, and modify the Contract accordingly. Changes to the delivery schedule will be subject to a price adjustment only.
- 5.3 Any claim for an equitable adjustment by SELLER must be submitted in writing to SONIC within thirty (30) days from the date of notice of the change, unless the parties agree in writing to a longer period.
- 5.4 Failure to agree to any adjustment shall be resolved in accordance with the "Disputes" clause of this Contract. However, nothing contained in this "Changes" clause shall excuse SELLER from proceeding, without delay, in the performance of this Contract as changed.

COMMERCIAL COMPUTER SOFTWARE

- 6.1 As used in this clause, “restricted computer software,” means computer program, computer data base, or documentation thereof, that has been developed at private expense and either is a trade secret, is commercial or financial and confidential or privileged, or is published and copyrighted and so marked when delivered or otherwise furnished.
- 6.2 Notwithstanding any provisions to the contrary contained in any SELLER’s standard commercial license or lease agreement, SELLER agrees that the restricted computer software delivered under this Contract shall provide the following rights to SONIC and the U.S. Government: The restricted computer software may be (1) used or copied for use in or with the computer or computers for which it was acquired, including use at any government installation to which such computer or computers may be transferred; (2) used or copied for use in or with backup computer if any computer for which it was acquired is inoperative; (3) reproduced for safekeeping (archives) or backup purposes; (4) modified, adapted, or combined with other computer software, provided that the modified, combined, or adapted portions of the derivative software incorporating any of the delivered, restricted computer software shall be subject to same restrictions set forth in the Purchase Order / Contract; (5) disclosed to and reproduced for use by support service contractors or their subcontractors, subject to the same restrictions set forth in this Purchase Order / Contract; and (6) used or copied for use in or transferred to a replacement computer.
- 6.3 SELLER agrees that the government or SONIC, and other persons to whom the government or SONIC may be released or disclosed commercial computer software delivered or otherwise furnished under this Contract, shall have no liability for any release or disclosure of such commercial computer software that are not marked to indicate that such software are licensed data subject to use, modification, reproduction, release, performance, display, or disclosure restrictions.

COMMUNICATION WITH SONIC CUSTOMER

- 7.1 SONIC shall be solely responsible for all liaison and coordination with the SONIC customer, including the U.S. Government, as it affects the applicable prime contract, this Contract, and/or any related contract.
- 7.2 Unless otherwise directed in writing by the authorized SONIC Procurement Representative, all documentation requiring submittal to, or action by, the government or the contracting officer shall be routed to, or through, the SONIC Procurement Representative, or as otherwise permitted by this Contract.

CONTRACT DIRECTION

- 8.1 Only the SONIC Procurement Representative has authority to amend this Contract. Such amendments must be in writing.
- 8.2 SONIC engineering and technical personnel may from time to time render assistance or give technical advice or discuss or effect an exchange of information with SELLER’s personnel concerning the Work hereunder. Such actions shall not be deemed to be a change under the “Changes” clause of this Contract.
- 8.3 Except as otherwise provided herein, all notices to be furnished by the SELLER shall be sent to the SONIC Procurement Representative.

DEFAULT

- 9.1 SONIC, by written notice, may terminate this Contract for default, in whole or in part, if SELLER fails to comply with any of the terms of this Contract, fails to make progress so as to endanger performance of this Contract, or fails to provide adequate assurance of future performance. SELLER shall have ten (10) days (or such longer period as SONIC may authorize in writing) to cure any such failure after receipt of notice from SONIC. Default involving delivery schedule delays shall not be subject to the cure provision.

- 9.2 SONIC shall not be liable for any Work not accepted; however, SONIC may require SELLER to deliver to SONIC any supplies and materials, manufacturing materials, and manufacturing drawings that SELLER has specifically produced or acquired for the terminated portion of this Contract. SONIC and SELLER shall agree on the amount of payment for these other deliverables.
- 9.3 SELLER shall continue all Work not terminated.
- 9.4 If after termination under paragraph 9.1, it is later determined that SELLER was not in default, such termination shall be deemed a Termination for Convenience.

DISPUTES

- 10.1 The parties agree that before, and as a condition precedent to, the initiation of any legal action or proceeding, all claims, controversies, and disputes arising out of or in relation to the performance, interpretation, application, or enforcement of this order, including without limitation any breach hereof, the following process must be completed. In the event of a dispute, the parties agree that their respective project representatives familiar with the issue will schedule a meeting (by telephone or in person) to discuss the dispute and to attempt in good faith to resolve it. If after ten (10) days, the matter is not resolved, then as promptly as practicable an executive officer of SONIC and an executive officer of SELLER shall meet (by telephone or in person) to discuss and attempt in good faith to resolve the dispute. If after such discussions, either of the parties concludes that no resolution of the dispute is possible, then the parties can pursue any available legal remedy, action, or proceeding. SONIC shall be entitled to recover from SELLER and SELLER agrees to pay all costs related to such litigation as well as all attorneys' fees incurred by SONIC in connection therewith in addition to all other rights and remedies it might have.

EXPORT CONTROL

- 11.1 Any goods and data provided under this Contract may be subject to the provision of the Export Administration Act of 1979 (50 U.S.C. 2401-2420) and the Export Administration Regulations (15 CFR 768-799) promulgated thereunder; the Arms Export Control Act of 1976 (22 U.S.C. 2751-2779) and the International Traffic in Arms Regulation (22 CFR 120-128 and 130) promulgated thereunder. The parties acknowledge that these statutes and regulations impose restrictions on import, export and transfer to third parties of certain categories of goods and data, and that licenses from the U.S. Department of State and/or the U.S. Department of Commerce may be required before such goods and data can be provided hereunder, and that such licenses may impose further restrictions on use of such goods and data. Disclosure of such goods and data to foreign persons is subject to the above regulations, regardless of whether the export occurs in the U.S. or abroad. SELLER agrees to comply with all U.S. statutes and regulations referred to above as they relate to the import, export and re-export of goods and/or data, including without limitation, the ITAR registration requirements specified in 22 CFR 122.1.

EXTRAS

- 12.1 No Work shall be supplied in excess of quantities specified in the Contract. SELLER shall be liable for handling charges and return shipment costs for any excess quantities or shall provide for alternate disposition at no charge to SONIC.

FURNISHED PROPERTY

- 13.1 SONIC may provide to SELLER property owned by either SONIC or its customer (Furnished Property). Furnished Property shall be used only for the performance of this Contract.
- 13.2 Title to Furnished Property shall remain in SONIC or its customer. SELLER shall clearly mark (if not so marked) all Furnished Property to show its ownership. Except for reasonable wear and tear, SELLER shall be responsible for, and shall promptly notify SONIC of, any loss or damage. Without additional charge,

SELLER shall manage, maintain, and preserve Furnished Property in accordance with good commercial practice.

- 13.3 At SONIC's request, and/or completion of this Contract, the SELLER shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposal as may be directed by SONIC.

GRATUITIES / KICKBACKS

- 14.1 No gratuities (in the form of entertainment, gifts or otherwise) or kickbacks shall be offered or given by SELLER, to any employee of SONIC with a view toward securing favorable treatment as a supplier.
- 14.2 By accepting this Contract, SELLER certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (4) USC 51-58, both of which are incorporated herein by this specific reference, except that paragraph (c.1) of FAR 52.203-7 shall not apply.

INDEMNIFICATION

- 15.1 SELLER shall indemnify, defend and hold harmless SONIC, its officers, employees, agents, representatives, successors, assigns and any of SONIC'S customers buying or using the goods or services specified herein, from and against any and all losses, liabilities, damages, penalties, injuries, claims, demands, actions, suits, costs and expenses (including, without limitation, reasonable attorney and other professional fees and disbursements) of whatsoever kind and nature, in contract or tort, (i) arising out of any misrepresentation by SELLER or relating to any breach or default in the performance of SELLER'S obligations under this order with respect to ownership, possession, use, operation, condition, sale, purchase, lease, maintenance, selection, manufacture, or delivery of any item or items of goods or services (including, without limitation, latent and other defects, whether or not discoverable by SONIC); (ii) arising out of any claims for injury to or death of persons or damage to property in any manner due to, in whole or in part, any act or omission on the part of SELLER; (iii) and any defects in goods sold or services provided to SONIC pursuant to this Contract. This indemnity shall survive termination, cancellation or expiration of this Contract.

INDEPENDENT CONTRACTOR RELATIONSHIP

- 16.1 SELLER is an independent contractor in all its operations and activities hereunder. The employees used by SELLER to perform Work under this Contract shall be SELLER's employees exclusively without any relation whatsoever to SONIC.
- 16.2 SELLER shall be responsible for any costs or expenses including attorney's fees, all expenses of litigation and/or settlement, and court costs, arising from any act or omission of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Contract.

INFORMATION OF SONIC

- 17.1 Information provided by SONIC to SELLER remains the property of SONIC. SELLER agrees to comply with the terms of any proprietary information agreement with SONIC and to comply with all proprietary information markings and restrictive legends applied by SONIC to anything provided hereunder to SELLER. SELLER agrees not to use any SONIC-provided information for any purpose except to perform this Contract and agrees not to disclose such information to third parties without the prior written consent of SONIC.

INFORMATION OF SELLER

18.1 SELLER shall not provide any proprietary information to SONIC without prior execution by SONIC of a non-disclosure agreement.

INSPECTIONS AND ACCEPTANCE

19.1 SONIC and its customer may inspect all Work at reasonable times and places, including, when practicable, during manufacture and before shipment. SELLER shall provide all information, facilities, and assistance necessary for safe and convenient inspection without additional charge.

19.2 No such inspection shall relieve SELLER of its obligations to furnish all Work in accordance with the requirements of this Contract. Unless otherwise specified on the face hereof, SONIC's final inspection and acceptance shall be at destination.

19.3 SELLER shall not re-tender rejected Work without disclosing the corrective action(s) taken.

INSURANCE / ENTRY ON SONIC'S PROPERTY

20.1 In the event that SELLER, its employees, agents, or subcontractors enter SONIC's or its customers' premises for any reason in connection with this Contract, SELLER, its subcontractors and lower tier subcontractors, shall procure and maintain workers' compensation, comprehensive general liability, bodily injury and property damage insurance in reasonable amounts, and such other insurance as SONIC may require, and shall comply with all site requirements. SELLER shall indemnify, defend and hold harmless SONIC, its officers, employees and agents from any losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expenses of litigation and/or settlement, and court costs, by reason of property damage or personal injury to any person caused in whole or in part by the actions or omissions of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier.

20.2 SELLER shall provide SONIC thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of any of SELLER's required insurance. If requested, SELLER shall send a "Certificate of Insurance" showing SELLER's compliance with these requirements. SELLER shall name SONIC as an additional insured for the duration of this Contract. Insurance maintained pursuant to this clause shall be considered primary as respects the interest of SONIC and is not contributory with any insurance that SONIC may carry.

INTELLECTUAL PROPERTY

(Subparagraph 21.1 is NOT applicable for commercial off-the-shelf purchases.)

21.1 SELLER agrees that SONIC shall be the owner of all inventions, technology, designs, works of authorship, mask works, technical information, computer software, business information and other information conceived, developed or otherwise generated in the performance of this Contract by or on behalf of SELLER. SELLER hereby assigns and agrees to assign all right, title, and interest in the foregoing to SONIC, including without limitation all copyrights, patent rights and other intellectual property rights therein and further agrees to execute, at SONIC's request and expense, all documentation necessary to perfect title therein in SONIC. SELLER agrees that it will maintain and disclose to SONIC written records of, and otherwise provide SONIC with full access to, the subject matter covered by this clause and that all such subject matter will be deemed information of SONIC and subject to the protection provisions of the clause entitled "information of SONIC." SELLER agrees to assist SONIC, at SONIC's request and expense, in every reasonable way in obtaining, maintaining, and enforcing patent and other intellectual property protection on the subject matter covered by this clause.

21.2 SELLER warrants that the Work performed and delivered under this Contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. SELLER agrees to indemnify, defend and hold harmless SONIC and its customers from and against any claims, damages, losses, costs and expenses, including reasonable attorney fees arising out of any action by a third party that is based upon a claim that the Work performed or delivered under this Contract infringes or otherwise violates the intellectual property rights of any person or entity.

NEW MATERIALS

22.1 The Work to be delivered hereunder shall consist of new materials, as defined in FAR 52 211-S (not used, or reconditioned, remanufactured, or of such age as to impair its usefulness or safety).

OFFSET CREDIT/COOPERATION

23.1 All offset or countertrade credit value resulting from this Contract shall accrue solely to the benefit of SONIC. SELLER agrees to cooperate with SONIC in the fulfillment of any foreign offset / countertrade obligations.

PACKING AND SHIPMENT

24.1 Unless otherwise specified, all Work is to be packed in accordance with good commercial practice.
24.2 A complete packing list and all required certifications as listed on the face hereof shall be enclosed with all shipments. SELLER shall mark containers or packages with necessary lifting, loading, and shipping information, including the SONIC contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include this contract number.

PAYMENTS, TAXES, AND DUTIES

25.1 Unless otherwise provided, terms of payment shall be net thirty (30) days from the SELLER's proper invoice. SONIC shall have a right of setoff against payments due or at issue under this Contract or any other Contract between the parties.
25.2 Payment shall be deemed to have been made as of the date of mailing SONIC's payment or electronic funds transfer.
25.3 Unless otherwise specified, prices include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice.
25.4 All taxes, assessments and similar charges levied with respect to or upon any such products or Work owned by SONIC while in SELLER's possession or control, and for which no exemption is available, shall be borne by SELLER.

PRECEDENCE

26.1 Any inconsistencies in this Contract shall be resolved in accordance with the following descending order or precedence: (1) face of the Purchase Order, release document or schedule, (which shall include continuation sheets) as applicable, including any special provisions; (2) any master-type agreement (such as corporate, sector or blanket agreements); (3) these general provisions; and (4) statement of Work.

PRIORITY RATING

27.1 If so identified, this Contract is a "rated order" certified for national defense use, and the SELLER shall follow all the requirements of the Defense Priorities and Allocation System Regulations (15 CFR Part 700).

QUALITY CONTROL SYSTEM

28.1 Unless this contract contains other specific quality requirements, SELLER shall provide and maintain a quality control system to an industry recognized quality standard for the Work covered by this Contract.

- 28.2 As part of the quality control system, SELLER shall prepare records evidencing all inspections made under the system and the outcome of such inspections. These records shall be complete and made available to SONIC and its customers during performance of this Contract and for as long afterward as required by this Contract or applicable laws and regulations, but in no event, shall such period expire prior to ten years after delivery of the last of the goods or services to be delivered hereunder. Upon the lapse of such period, SELLER will notify SONIC prior to any destruction of such records and SONIC shall have the right to obtain such records at no cost to SONIC.
- 28.3 SELLER shall provide with all shipments the following evidence of acceptance by its quality assurance department: (1) certified physical and metallurgical or mechanical test reports where required by controlling specifications; or (2) a signed, dated statement on the packing sheet certifying that its quality assurance department has inspected the goods or services and they adhere to all applicable requirements, drawings and/or specifications.

INSPECTION, ACCEPTANCE AND REJECTION

- 29.1 All Work is subject to (1) inspection during manufacture; (2) inspection prior to shipment; and (3) final inspection and acceptance at destination, notwithstanding the FOB point or any payment or prior inspection at source. Final inspection will be made at a reasonable time after receipt of Work.
- 29.2 Inspection and acceptance of any Work by SONIC shall not be deemed to alter or affect the obligations of SELLER or the rights of SONIC and its customers under warranties herein or as may be provided by law.
- 29.3 Any tender of Work which is nonconforming as to the quality or quantity or the delivery schedule shall constitute a breach of this Contract, and SONIC shall have the absolute right to reject such Work. SONIC shall notify SELLER as to such rejection, and SONIC shall have all the remedies as provided by law and this Contract, including but not limited to (1) hold such rejected Work or return same to SELLER at SONIC's election and at SELLER's risk and expense; (2) replace or correct SELLER's work and charge to SELLER the cost occasioned to SONIC thereby or require the delivery of replacements for such Work at an equitable reduction in price, if SELLER fails to remove promptly such rejected Work, unless SELLER corrects or replaces the defective Work within the time required by the delivery schedule; and (3) to recover by offset or otherwise any and all damages, expenses or costs caused to or experienced by SONIC as a result of such rejection or which may result from a series of rejections.

RELEASE OF INFORMATION

- 30.1 Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this contract or the subject matter hereof, will be made by SELLER without the prior written approval of SONIC.

STOP WORK ORDER

- 31.1 SELLER shall stop Work for up to ninety (90) days in accordance with the terms of any written notice received from SONIC, or for such longer period of time as the parties may agree and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work during the period of Work stoppage.
- 31.2 Within such period, SONIC shall either terminate or continue the Work by written order to SELLER. In the event of a continuation, an equitable adjustment in accordance with the principles of the "Changes" clause shall be made to the price, delivery schedule, or other provision affected by the Work stoppage, if applicable, provided that the claim for equitable adjustment is made within thirty (30) days after such continuation.

SURVIVABILITY

- 32.1 If this Contract is terminated for default or convenience, SELLER shall not be relieved of those obligations contained in this Contract for the following provisions: Applicable Laws (Clause #3), Export Control

(Clause #11), Independent Contractor Relationship (Clause #16), Information of SONIC (Clause #17), Intellectual Property (Clause #21), Release of Information (Clause #30), and Warranty (Clause #36).

TERMINATION FOR CONVENIENCE

- 33.1 SONIC may cancel this Contract at any time for its convenience, in whole or in part, by giving written notice to SELLER. SONIC's only obligation for cancellation under this section shall be to reimburse SELLER for (1) those goods actually shipped and accepted by SONIC up to the date of cancellation, and (2) costs incurred by SELLER for unfinished Work, specifically performed for SONIC which does not pertain to standard goods manufactured by SELLER, as of the date of cancellation. SELLER shall not be paid for any Work performed or costs incurred which reasonably could have been avoided. In no event shall SONIC be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Contract price. SELLER's termination claim shall be submitted within fifteen (15) days from the effective date of the termination.
- 33.2 SELLER shall continue all Work not terminated.

TIMELY PERFORMANCE

- 34.1 SELLER's timely performance is a critical element of this Contract.
- 34.2 Unless advance shipment has been authorized in writing by SONIC, SONIC may store at SELLER's expense, or return, shipping charges collect, all Work received in advance of the scheduled delivery date.
- 34.3 If SELLER becomes aware of difficulty in performing the Work, SELLER shall notify SONIC promptly, in writing, giving pertinent details. This notification shall not change any delivery schedule.
- 34.4 In the event of a termination for convenience or change, SONIC will allow no claim for any manufacture or procurement in advance of SELLER's normal flow time unless there has been prior written consent.

WAIVER, APPROVAL, AND REMEDIES

- 35.1 Failure by SONIC to enforce any of the provision(s) of this Contract shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of SONIC thereafter to enforce each and every such provision.
- 35.2 SONIC's approval of documents shall not relieve SELLER from complying with any requirements of this Contract.
- 35.3 The rights and remedies of SONIC in this Contract are cumulative and in addition to any other rights and remedies provided by law and in equity.

WARRANTIES

- 36.1 SELLER warrants that all goods and services delivered under or pursuant to this Contract shall be free of any claim of any nature by any third person and that SELLER will convey clear unencumbered title thereto to SONIC as provided hereunder. SELLER also warrants that all goods and services sold hereunder or pursuant hereto will be of the best quality of their respective kinds and free from all defects in design, material and workmanship, and shall conform strictly to the specifications, drawings, samples or other requirements including performance specifications, specified or furnished and shall be merchantable and fit for SONIC's intended purposes. This warranty shall run to SONIC, its successors, assigns, customers, and other users of the goods or services. For any breach of this warranty, SELLER shall take all necessary action, at SELLER's full cost and expense, to correct such breach in the most expeditious manner possible. All costs incurred in the expedient correction of breach, (including premium time, de-installation, installation, re-commissioning and freight if required by SONIC's operating needs) shall be borne by SELLER. In the event of failure by SELLER to correct defects in or replace nonconforming goods or services expeditiously, SONIC, after reasonable notice to SELLER, may make such corrections or replace

such goods and services and charge SELLER for the full cost incurred by SONIC thereby.

INSPECTION OF RECORDS

- 37.1 SONIC Industries, Inc. approved suppliers and sub-tier processors are required to maintain complete and accurate records showing the sales volume for product supplied or services performed. Such records shall support all services performed, allowances claimed and costs incurred by SELLER in the performance of this Contract, including but not limited to those factors which comprise or affect direct labor hours, direct labor rates, material costs, overhead rates and subcontracts. Records may be in hard copy or electronic format and shall be maintained in a suitable manner and environment to prevent damage, deterioration, or loss. Records must be maintained for a minimum of 10 (ten) years from date of shipment under each applicable for all products/ part numbers otherwise specified on the order.
- 37.2 Records must be made available for SONIC or its customer representative or regulatory authority representative review upon request. SONIC and its customers shall treat all information disclosed under this section as confidential, unless otherwise required by U.S. Government contracting regulations.

ACCESS TO SELLER'S FACILITIES

- 38.1 SONIC, its customers and relevant regulatory authorities will have access to SELLER's, and all other, facilities involved in this Contract, where they will have access to all procedures, practices, processes, associated documents and records related to any aspect of the performance of this Contract. This right of access shall include the rights to perform inspections, tests and the right to determine and verify the quality of work, records and material. No charge will be imposed by SELLER in connection with this right of access.
- 38.2 SELLER will include a provision granting the same access rights to the same parties in all of its contracts with its suppliers.
- 38.3 All visitors to SELLER'S locations must adhere to all visitor requirements of the specific SELLER they are visiting. These requirements include -but are not limited to:
- ITAR – International Trade in Arms Regulation
 - Export/Import – Including all Department of Commerce & Customs Enforcement laws and regulations
 - Safety – including personal protective equipment requirements
 - All other Supplier facility visitor rules