



TERMS AND CONDITIONS OF PURCHASE

THIS ORDER IS SUBJECT TO THE FOLOWING TERMS AND CONDITIONS AS WELL AS THOSE APPEARING ON THE FACE HEREOF.

1. **ACCEPTANCE.** This purchase order constitutes and offer by Buyer to Seller upon the terms and conditions stated herein and in the body of the order shall become a binding contract upon acceptance thereof by acknowledgement or performance. Said offer is limited to said terms and conditions and no deviation there from shall be acceptable.
2. **DELIVERY.** Time and rate of deliveries are of the essence of this order. Buyer reserves the right to cancel the order and reject the goods upon default by Seller in time or rate of delivery, or Buyer at its option may approve in writing a revised delivery schedule. Unless otherwise agreed to in writing by Buyer, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet delivery schedule. Goods shipped to Buyer in advance of delivery schedule may be rejected or returned to Seller at Seller's expense.
3. **REJECTIONS.** If any of the goods are found at any time to be defective in materials or workmanship (including goods damaged because of unsatisfactory packaging by Seller), or other wise not in conformity with the requirements of the order, including drawings and specifications and approved sample, if any. Buyer, in addition to any other rights which may have under warranties or otherwise, shall have the right to reject and return such goods at Seller's expense and to receive full credit for any such rejected goods or upon written request to require replacement of any such rejected goods without additional cost to Buyer.
4. **BUYER'S PROPERTY.** Unless otherwise agreed to in writing, layouts, models, all tools, gauges, designs, sketches, drawing, blueprints, patterns, dies, specifications, engineering data or other technical or proprietary information, special appliances and other equipment or material of every description furnished to Seller by Buyer and any replacement thereof, or any materials affixed or attached to thereto, shall remain the property of the Buyer. Such property, and whenever practical, each individual item thereof, shall be plainly marked or other wise adequately identified by Seller as "property of Advanced Media Technologies, Inc., shall be safely stored separate and apart from Seller's property and shall subject to examination by Buyer. Seller shall not substitute any property for Buyer's property and shall not use such property except in filling Buyer's orders. Such property while in Seller's custody or control shall be maintained in good condition at Seller's risk and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Such property shall be subject to removal at Buyer's written request, the same condition as originally received by Seller, reasonable wear and tear excepted. Any special tooling the full cost or a substantial portion of the cost of which is included in the price of this order shall upon completion of this order become the property of Buyer and Seller shall return the same to Buyer or make such disposition thereof as may be directed or approved by Buyer.
5. **PATENT RIGHTS.** Any and all discoveries, inventions and designs, whether or not patentable, or subject to copyright, conceived or reduced to practice by Seller, or its Employees in connection with the supply pursuant to this Purchase Order, of any item as to which Buyer furnishes the specifications shall be promptly disclosed to Buyer and shall become the property of Buyer, Seller and its employee shall execute all papers necessary to assign such discoveries, inventions, and designs to Buyer to cause at Buyer's expense patent applications to be filed thereon in favor of Buyer. The decision as to whether to file patent applications and to prosecute same shall be made by Buyer.
6. **CHANGES.** Buyer shall have the right to make changes in the order by a notice in writing to Seller. If such changes cause an increase or decrease in the amount due under the order or in the time required for its performance an equitable adjustment shall be made and the order shall be modified in writing accordingly. Any claim for adjustment must be asserted by the Seller in writing within 15 days from the date the change is ordered. Nothing contained in this clause shall relieve the Seller from proceeding without delay in the performance of this order as changed.
7. **ASSIGNMENT AND SUBCONTRACTING.** No assignment of this order shall be binding upon Buyer until its written consent thereto is obtained. Seller shall not procure or contract for the procurement of any item

covered by this order in completed or substantially completed form without first securing the written approval of the Buyer.

8. IDEMNIFICATIONS. Seller shall defend and shall indemnify and hold harmless Buyer, its successors, assigns, customers and the users of its products from all loss and damage including attorney's fees, by reason of any and all claims and suits charging injury or charging infringement of any patent, trademark or copyright arising out of the sale or use of any goods, furnished hereunder except that Seller shall have no liability with respect to patent infringement for goods as to which Buyer furnishes complete specifications. Seller shall upon request, provide product liability insurance, naming Buyer as an additional insured acceptable to Buyer.
9. WARRANTIES. By accepting this offer, Seller warrants that all items delivered under this order will be "merchantable" as defined in Paragraph 2-314 of the Uniform Commercial Code and free from defects in material and workmanship (including damage due to unsatisfactory packaging by Seller), that all items delivered will strictly in accordance with Buyer's specifications, drawings and approved sample if any, and to the extent such items are not manufactured pursuant to detailed designs furnished by Buyer, that all items will be free from defects in design and suitable for the intended purposes. The warranties of Seller shall not be deemed to be exclusive, and together with any service warranties and guarantees, if any, shall survive acceptance and payment, shall return to buyer, its successors, assigns, Customer and the user of its products.
10. DEFAULT- BANKRUPTCY- CANCELLATION. Buyer may cancel this order in whole or in part by written or telegraphic notice (a) if the Seller shall become insolvent or make a general assignment for the benefit of creditors, or a receiver or liquidator for Seller is appointed or applied for, or if Seller admits in writing its inability to pay its debts as they become due, or (b) if any proceeding under any applicable Federal or State bankruptcy or insolvency law is brought by or against Seller, or (c) if, at any time, Seller should default in performance or shall so fail to make progress in the work as to endanger performance hereunder. After receipt of notice of any such termination, Buyer at its option may require the Seller to transfer title and deliver to buyer any satisfactorily completed work and such work in process as the Seller has specifically produced or specifically acquired for the performance of such part of the order as has been canceled. Upon any such cancellation pursuant in this clause, if the cost of completion of the order is in excess of the contract price, then Seller shall be liable for such excess. However, except with respect to default of subcontractors, the Seller shall not be liable for any excess costs if the failure to perform arises out of causes beyond the control and without the fault or negligence of the Seller. If the failure to perform is caused by the default of the subcontractor and if such default arises out of causes beyond the control of both the Seller and its subcontractors, and without the fault or negligence of either of them, the Seller shall not be liable for any excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from the other sources in sufficient time to comply with the order. The term "causes beyond the control", as used herein may include but is not restricted to acts of God or of the public enemy acts of the Government in its sovereign capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the contractor and subcontractor as the case may be. The rights and remedies of Buyer provided in the clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.
11. USE OF DESIGNS, DATA ETC. Seller agrees that it will keep confidential the features of any equipment, tools, gauges, patterns, designs, drawings, engineering data or other technical or proprietary information furnished by Buyer and such items under this order or other orders from Buyer and not otherwise, unless Buyer's written consent is first obtained. Upon completion or termination of this order, or sooner, if requested by Buyer, Seller shall return all such items to buyer or make such other disposition thereof as may be directed or approved by Buyer.
12. LABOR LAWS. All goods shall be produced and services rendered under conditions which meet the applicable requirements of the Fair Labor Standards Act of 1938, as amended including Section 12(a) thereof, as amended, and all applicable Federal, State and municipal laws and regulations governing wages, hours and conditions of labor. Seller shall insert a certificate on all invoices submitted in connection with this order stating that the goods or services were produced or rendered in compliance with the requirements of the Fair Labor Standards Act of 1938 as amended, including Section 12(a) thereof, as amended.
13. INDUSTRIAL LAWS AND TAXES. The Seller agrees that neither the Seller nor any of the persons furnishing materials or performing work or services which are required by this order are employees of Buyer within the meaning of or the application of any Federal or State unemployment insurance law or Old Age Benefit Law or Social Security law any Workmen's Compensation Industrial Accident law or other Industrial or Labor Law. The Seller hereby agrees at its own expense to comply with such laws and to assume all liabilities or obligations imposed by any one or more of such laws with respect to this agreement.
14. COMPLIANCE WITH PRODUCT SAFETY STANDARD AND OTHER LAWS. All goods delivered under this order will meet the standards promulgated pursuant to the Consumer Product Safety Act. Seller will comply with all Federal, State and Municipal laws, rules and regulations that may be applicable to this order.

15. **MODIFICATION OF AGREEMENT.** This order contains all the agreements and conditions of these transactions and no agreement or other understanding in any way modifying the conditions hereof will be binding upon Buyer unless made in writing as a change of purchase order and signed by Buyer.
16. **CONTINGENCIES.** Buyer reserves the right at its option and without liability either to direct suspension of shipment of materials covered by this order or to cancel this order, in whole or part, at any time where such suspension or cancellation is caused by Government order or other requirements, embargoes, acts of civil or military authorities, acts of the public enemy, inability to secure transportation facilities, strikes, differences with workmen, accidents at plant of Buyer or Defense Materials System Priority regulations or other contingencies beyond control of Buyer.
17. **NO WAIVER OF CONDITIONS.** Failure of Buyer to insist upon strict performance of any of the terms and conditions of this order shall not constitute a waiver of such terms and conditions or a waiver of any default.
18. **GOVERNING LAW.** This order and its terms shall be governed by and construed in accordance with the laws of the State of New York.
19. **CONTROVERSY OR CLAIM.** Any controversy or claim arising out of or relating to this order, or the breach thereof. Shall be settled by arbitration to be held in New York City, New York in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator (\$) may be entered in any Court having jurisdiction thereof.