



MODULAR DEVICES, INC.

ONE ROND ROAD • BROOKHAVEN R&D PLAZA • SHIRLEY, NY 11967 (631) 345-3100

An ISO 9001:2000 Registered Company

MODULAR DEVICES' SUPPLEMENTAL TERMS AND CONDITIONS OF SALES

Prices in this quotation are based upon

- Progress payments per FAR 52.232.16.
- The enclosed milestone billing schedule.
- The following milestone billing schedule.
- Milestone billing schedule to be supplied after finalization of procurement package.

In the event that a line item is complete prior to schedule, a clean up invoice will be issued to cover the balance due for the line item.

The pricing and delivery presented with this document are based upon MDI's understanding of the buyer's requirements and are subject to modification pending further direction from the buyer.

Breadboard, Brassboard, Prototype and Engineering Development units are to be used only for the intended application and are not covered by MDI's warranty.

MDI's prices are based on adherence to MDI's terms and conditions. In case of conflict, the terms outlined in the MDI quotation will take precedence.

If Customer asserts terms and conditions at variance with MDI's terms and conditions, customer agrees to pay an equitable adjustment for any added costs therefrom.

When specified in the customer's purchase order, acceptance test data is furnished with the applicable shipment. No other analyses, data, documentation, etc. are included in this quotation unless specifically noted. If additional work beyond the scope of the quotation is requested, it will be performed at MDI's then prevailing standard rates.

MDI reserves the right of shipping and invoicing prior to the identified delivery schedules.

Any contract, subcontract, or purchase order accepted by MDI must be finalized within 30 days from the date of turn-on or may be subject to a work stoppage until that contract, subcontract, or purchase order is finalized and fully funded.

MDI's acceptance of any order, which may result from this submission, is subject to no open invoices beyond 30 days at time of order placement/acknowledgement.

MDI can meet the requirements of MIL-PRF-38534 by screening to equivalent levels. MDI's line has not been reviewed by DESC for certification to MIL-STD-1772.

MDI welcomes export sales. We routinely apply for US Government authorization for shipment against customer furnished purchase order and end use statement before commencing work on order. Quoted lead time commences at order entry. Customer may request immediate commencement of work on order based upon customer's written acceptance of risk, compliance to terms outlined in quotation and any negotiated terms to support these arrangements.

FOR OPEN ACCOUNT CUSTOMERS: Terms are net 30 days from date of shipment; 1.5% per month finance charge on items over 45 days, and collection costs on amounts over 60 days.

NRE AND SET-UP

- The NRE and Set-Up Charges will be invoiced upon receipt of a purchase order.
- The NRE and Set-Up Charges will be invoiced 30 days ARO.
- 1/2 of the NRE and Set-Up Charges will be invoiced 30 days ARO with the balance invoiced 60 days ARO.
- 1/3 of the NRE and Set-up Charges will be invoiced 30 days ARO, 1/3 60 days ARO, and the balance of the NRE and Set-Up Charges will be invoiced 90 days ARO.

DATA, DOCUMENTATION, AND ANALYSIS

65% of the associated charges will be invoiced with the initial submission of each data, documentation and analysis line item. 35% of the associated charges will be invoiced with the final submission of each data, documentation and analysis line item. All data, documentation and analysis will be provided in MDI format.

Drawings furnished to support tasks associated with this proposal or a resulting contract, that are identified as proprietary are furnished with limited and/or restricted rights. Any drawings furnished are for reference purposes only.

TEST PLANS & PROCEDURES, TESTS, AND TEST REPORTS

35% of the associated charges will be invoiced with the initial submission of the test plan/procedure. 55% of the associated charges will be invoiced with the satisfactory completion of each test. 10% of the associated charges will be invoiced with the submission of the associated test reports

INSPECTIONS - CSI AND GSI, Pre-Cap Inspection, In-Process or other inspections which are to be performed by the Buyer or the Buyer's delegated representative must be funded on the purchase order. Charges will be quoted once inspection points are defined.

In the event that shipping dates will be missed due to the unavailability of a customer source inspector within one week of MDI's request for customer source inspection to sell-off hardware, MDI reserves the right to ship the hardware.

All claims for money due shall not be subject to reduction or offset by the buyer by reason of any counter claim arising out of this or any other transaction with the seller.

Prices are for hardware only; any additional lot testing is at additional cost.

In the event that unforeseen piece part minimum lot quantities or testing charges are identified during the course of this quotation order cycle, MDI reserves the right to submit supporting documentation and negotiate a mutually agreeable adjustment.

Customer agrees that no debit memos will be issued with reference to units returned for evaluation and/or repair. If debit memos are issued, the customer will incur a minimum handling charge of \$150 per debit memo. Any non-warranty units returned against a debit memo will be returned to the sender, without evaluation, at their expense.

In the event that any units are returned to MDI without a valid Return Material Authorization Number (RMA), MDI will return these units to the sender at their expense and invoice the sender a handling charge of \$150 per lot.

Overseas customers may elect to delegate a U.S. citizen to attend a design review at MDI and to review technical matters.

This proposal is valid for 30 days.