

Frontgrade Technologies

APPENDIX 2: SUPPLEMENTAL TERMS AND CONDITIONS - SERVICES SUBCONTRACT/PURCHASE ORDERS

APPLICABILITY

When a deliverable item under this Contract includes the provision of Services, the following supplemental terms and conditions shall apply as specified herein. In the event of an inconsistency between these supplemental terms and conditions and another term or condition of this Contract, the "Precedence" Clause of this Contract shall apply and these supplemental terms and conditions shall have the same level of precedence as any other Frontgrade document incorporated in the Contract; provided however that to the extent a provision of these supplemental terms and conditions cannot be reconciled with a provision in a Frontgrade document applicable to this Contract, the provisions of these supplemental terms and conditions shall take precedence over the provision contained in such other Frontgrade document. To the extent that the Work or Services being acquired hereunder are for ultimate sale to the United States Government, then all U.S. Government Procurement Regulations incorporated into this Purchase Order shall, when applicable, take precedence over any conflicting provision.

The following supplemental terms and conditions apply to this Contract:

1. ACCEPTANCE: The criteria for acceptable performance will be outlined in the Scope of Work (SOW) and will be reviewed at the end of the service the BUYER's technical representative. In the absence of acceptance criteria in the SOW, acceptance of Services will be BUYER's sole and unilateral determination of whether the SELLER's Services fully comply with the SOW and are performed in a professional manner.

2. ASSIGNMENT OF NON-U.S. PERSONNEL

(a) In order to assist the BUYER's compliance with U.S. security and export control requirements, SELLER shall not assign any persons who are not United States citizens or aliens granted permanent residency in the United States to work on this Contract without first obtaining BUYER's written approval.

(b) SELLER shall be responsible for ensuring that all personnel it assigns to this Contract have all required work permits, appropriate licenses, and security clearances necessary to perform the Work. SELLER shall produce such records at any reasonable time upon BUYER's request.

(c) SELLER shall be responsible for obtaining BUYER and/or Prime/Government approval of proposed subcontractor personnel when supporting a government contract. If key personnel or personnel to perform the Services are designated, changes cannot be made to those personnel without the BUYER's express written approval.

3. CONTRACT COORDINATION

(a) BUYER shall appoint a Technical Representative(s) who shall be responsible for maintaining liaison with SELLER's Lead Supervisor(s).

(b) SELLER shall appoint a Lead Supervisor(s) who shall be responsible for supervising and directing the work of SELLER's employees and maintaining liaison with BUYER's Technical Representative(s).

(c) BUYER and SELLER shall inform each other, in writing, of names of the Technical Representative(s) and Lead Supervisor(s) appointed.

(d) All notices to be furnished by SELLER shall be sent to the BUYER with a copy to the Technical Representative.

(e) The Technical Representative has no authority to make changes in, to amend, or to modify this Contract. Such changes, amendments or modifications can only be made by the BUYER and it must be in writing.

4. DEFINITIONS

The following terms shall have the meaning set forth below:

"Services" shall mean the time and effort of SELLER in performing identifiable labor tasks which are themselves a deliverable under this Contract. Services covers activities performed both by professional and non-professional personnel of SELLER. Without limiting the foregoing, examples of Services include but are not limited to: engineering design; test functions; training; information technology support; equipment maintenance or repair; temporary labor, and contract labor suppliers; facility improvement, maintenance or repair; security guards; travel administration; and food preparation and cafeteria operations.

5. INDEMNITY BY SELLER

In addition to, and without limiting, the indemnification provisions contained in the Frontgrade Terms and Conditions applicable to this Contract, the following additional provisions shall apply:

(a) SELLER shall keep Work supplied by it hereunder and BUYER premises free and clear of all liens and encumbrances, including mechanic's liens, in any way arising from performance of this Contract by SELLER or by any of its vendors or subcontractors. SELLER may be required by BUYER to provide a satisfactory release of liens as a condition of final payment.

(b) SELLER shall, without limitation, indemnify and save BUYER and its customer(s) and their respective officers, directors, employees and agents harmless from and against (i) all claims (including claims under Workers' Compensation or Occupational Disease laws or other equivalent laws in SELLER's country) and resulting costs, expenses (including attorney fees and costs) and liability which arise from personal injury, death, or property loss or damage attributed to, or caused by, the Work supplied, or the Services performed by SELLER pursuant to this Contract, including, without limitation, latent defects in such Work and/or Services, except to the extent that such injury, death, loss or damage is caused solely and directly by the negligence of BUYER; and (ii) all claims (including resulting costs, expenses and liability) by the employees of SELLER or any of its subcontractors; and (iii) all claims, losses, costs, damages, expenses, liabilities and the like resulting from SELLER's breach of any warranty or representation under this Contract; (iv) all claims, losses, costs, damages, expenses, liabilities and the like resulting from SELLER's alleged improper conduct of any nature or type, including, but not limited to, physical, mental or

sexual abuse or harassment, invasion of bodily integrity, violation of civil rights, and/or discrimination by or attributable to any of the SELLER's Directors, officers, employees, agents, suppliers or subcontractors; (v) all claims, losses, costs, damages, expenses, liabilities and the like resulting from SELLER's failure to pay any of the SELLER's employees, agents, suppliers or subcontractors for Services rendered under this Contract.

(c) SELLER shall notify the BUYER as soon thereafter as is practicable, of any Claims arising from or related to subparagraphs 4 (a)(1)-(4).SELLER shall not settle, adjust, or compromise any such claim or any action or proceeding arising therefrom without the written approval of the BUYER which shall not be unreasonably withheld. BUYER further agrees to cooperate with any investigation of such Claims and to provide SELLER any information reasonably available (not of a classified, confidential or privileged nature), and reasonably necessary for the investigation or defense of such Claims.

6. INDEPENDENT CONTRACTOR RELATIONSHIP

In addition to, and without limiting, the "INDEPENDENT CONTRACTOR RELATIONSHIP" Clause contained in Section 17 of the General Provisions for Subcontracts/Purchase Orders, applicable to this Contract, the following additional provisions shall apply:

(a) SELLER shall inform BUYER if a former employee of Frontgrade or its parent, subsidiary or affiliates will be assigned Work under this Contract, and any such assignment shall be subject to BUYER approval.

(b) SELLER shall provide BUYER any information about SELLER's personnel that BUYER is required by law to obtain, including, but not limited to, information on "leased employees" and "management services organization" as these terms are used in Sections 414(m), (n) and (o) of the Internal Revenue Code.

7. INFORMATION OF BUYER

This paragraph 6 shall apply in lieu of the Section 17 "Information of BUYER" of the General Provisions for Subcontracts/Purchase Orders Clause incorporated into this Contract.

(a) SELLER shall not use, display, reproduce or disclose any information, knowledge, or data of the BUYER, except as provided under paragraph 6(c) below, which SELLER may receive from BUYER or come in contact with, including but not limited to, proprietary information of BUYER or of others. BUYER information includes, but is not limited to, business plans, marketing information, personnel information, information about suppliers, cost estimates, forecasts, bid and proposal data, financial data, metrics, technical information, formulae, algorithms, software, hardware, firmware, compositions, products, processes, methods, procedures, inventions, trade secrets, systems, drawings or designs.

(b) Prior to commencement of assignment, SELLER shall have a written agreement with each of its employees performing Work hereunder sufficient to enable SELLER to comply with this paragraph 6.

(c) BUYER information provided to the SELLER remains the property of BUYER (or third parties as applicable). SELLER shall not use any BUYER information for any purpose except to perform this Contract and shall not disclose any BUYER information to third parties without the prior written consent of BUYER within thirty (30) days of the expiration or termination of this Contract or upon the request of BUYER, SELLER shall return or certify the destruction of all BUYER information and any reproductions, and SELLER shall promptly surrender all information or proprietary data developed by SELLER in performance of this Contract, unless its retention is authorized in writing by the BUYER.

(d) The provisions set forth above shall take precedence over any conflicting obligations that may be contained in a Proprietary Information Agreement between BUYER and SELLER.

8. INSURANCE/ENTRY ON BUYER OR CUSTOMER PROPERTY

In addition to, and without limiting, Section 21 "Insurance/Entry of BUYER or Customer Property" of the General Provisions for Subcontracts/Purchase Orders Clause, the following additional provisions shall apply:

(a) SELLER's personnel, while on BUYER's or Customer's premises, shall not sell, advertise or market any goods or Services (other than the goods or Services which may be the subject of this Contract) or memberships, or distribute printed, written or graphic materials without BUYER's written permission or as permitted by law.

(b) SELLER must coordinate in advance with BUYER access to BUYER's or Customer's premises.

(c) SELLER shall, at its sole cost and expense, obtain and maintain requisite insurance in force throughout the original term, and any extension, of this Contract (to include the warranty period).

(d) SELLER warrants and represents that its employees (and further subcontracted personnel), while on BUYER's and/or Customer's premises, shall comply with BUYER's and/or Customer's rules, policies, and procedures regarding conduct, safety, and security.

(e) SELLER shall maintain the following insurance coverages and minimum limits of insurance placed with an insurance company acceptable to BUYER, each of which shall be primary to any insurance of BUYER: Insurance limits and terms may be outlined specifically in the SOW and such insurance requirements outlined in the SOW, if in conflict, shall take precedence over these insurance limits and terms.

- (1) Automobile General Liability: For Owned, Hired & Non-Owned (bodily injury) Combined bodily injury and property damage of \$1,000,000
- (2) Comprehensive General Liability (CGL): Public Liability \$1,000,000 each occurrence (bodily injury) \$3,000,000 aggregate Public Liability \$2,000,000 aggregate \$1,000,000 each occurrence (property damage) \$2,000,000 aggregate
- (3) Employer's Liability: \$1,000,000 each occurrence
- (4) Errors & Omissions: \$3,000,000 aggregate
- (5) Products Liability: \$2,000,000 aggregate
- (6) Worker's Compensation: Statutory
- (7) Umbrella/Excess Liability: \$5,000,000 per occurrence

(f) These insurance coverage and limits required of the SELLER under this Contract are designed to meet the minimum requirement of the BUYER. They are not designed to limit the SELLER'S liability under this Contract or to be a recommended insurance program for SELLER. The SELLER alone should seek professional assistance if the SELLER has any question concerning its exposure to loss under this Contract or the applicable insurance coverage that may be necessary to address such exposure.

(g) SELLER shall cause the BUYER its directors, officers, employees and agents to be named as an additional insured under each of the insurance policies required by this Contract, except Workers Compensation. Insurance maintained pursuant to this Paragraph 8 shall be considered primary as respect the interest of the BUYER and is not contributory with any insurance that the BUYER may carry. All policies, including Workers Compensation, shall contain a Waiver of Subrogation in favor of BUYER.

(h) SELLER shall, before commencing work under this Contract, deliver a Certificate of Insurance and/or actual insurance policies required by this Contract to BUYER. Any Certificate of Insurance shall contain a provision that the coverage provided under the policies, as well as the policies, will not be canceled or materially changed unless the insurers provide BUYER with thirty (30) days written notice of the intent to cancel a policy, or materially change the coverage provided under the policy.

(i) Unless otherwise specified in this Contract, SELLER shall be responsible for supplying all tools and equipment necessary to perform its Services under this Contract.

9. INTELLECTUAL PROPERTY

In addition to, and without limiting, the Section 22 "Intellectual Property" of the General Provisions for Subcontracts/Purchase Orders Clause, the following additional provisions shall apply: To the extent that any deliverable items may not, by operation of law, be works made for hire, SELLER hereby assigns to BUYER the ownership of copyright in the deliverable items and the BUYER shall have the right to obtain and hold in its own name copyrights, registrations and similar protection which may be available in the deliverable items. SELLER shall provide to the BUYER or its designees all assistance reasonably required and documentation necessary to perfect such rights.

10. MAINTENANCE OF RECORDS

In addition to, and without limiting, the Section 23 "Maintenance of Records" of the General Provisions for Subcontracts/Purchase Orders Clause, the following additional provisions shall apply: SELLER's records shall also include time records, phone bills, travel receipts, expense reports, and job summaries.

11. MECHANICS AND OTHER LIENS

(a) To the extent permitted by law, SELLER agrees that it will not assert and mechanics lien, or any other labor or material lien, against any property owned by or in the care, custody or control of the BUYER to secure payment of any amounts that may become due to the seller for furnishing any labor or material in performance of this Contract or for performing any work associated therewith. SELLER understands that by accepting this Contract has waived its rights (if any) to assert a lien and it will be precluded from exercising the mechanics lien providing and filing any waivers and/or releases of lien that the BUYER may require. In the event that applicable law does not permit the SELLER's waiver of liens in advance, SELLER agrees that it shall forebear from filing a lien unless and until it completes the work required by the Contract and will provide a release and waiver simultaneous with the final payment under the Contract.

(b) SELLER agrees to secure releases and waivers of lien in favor of the BUYER from SELLER's suppliers and subcontractors coincident with SELLER's final payments to them. In the event any of SELLER's suppliers or subcontractors assert a mechanics lien, or any other labor or material lien, against any property owned by or in the care, custody or control of the BUYER. The BUYER at its election may immediately satisfy such lien and charge all amounts (including reasonable attorney's fees) associated with satisfying such lien to SELLER and/or offset such amounts against payments owed to SELLER.

12. OCCUPATIONAL SAFETY AND HEALTH / LABOR

(a) SELLER shall, notify BUYER promptly in writing if a charge of noncompliance with the Occupational Safety and Health Act of 1970, as amended has been filed against SELLER arising from or related to SELLER's Services performed hereunder on premises owned, leased or operated by BUYER.

(b) SELLER shall comply with the Service Contract Act (SCA) of 1965, as amended, when providing Services identified as being subject to the SCA in the Contract.

13. WARRANTY

In addition to, and without limiting, the Section 41 "Warranty" of the General Provisions for Subcontracts/Purchase Orders Clause, the following additional provisions shall apply:

(a) SELLER warrants that it is and shall remain free of any obligation or restriction which would interfere or be inconsistent with, or present a conflict of interest concerning, the Services to be furnished by SELLER under this Contract.

(b) BUYER shall be the sole and unilateral determination whether the SELLER's service meets the acceptance criteria.

(c) If the Services fail to conform to the foregoing warranty, SELLER, at the BUYER's option, shall, without additional charge, promptly re-perform such Services. If re-performance of the Services is not timely or fails to correct the non-conformity, BUYER may elect to replace, re-procure or re-perform the Service at SELLER's expense. All warranties shall run to the BUYER and its Customers.