



PURCHASE ORDER TERMS AND CONDITIONS FOR INDEPENDENT CONTRACTORS

1. SERVICES

Provider agrees to provide the services (hereinafter called "Services") identified in the Statement of Work - Schedule "A" (hereinafter called "SOW") which is attached hereto and made a part hereof. Services shall be performed in strict adherence to the SOW. Buyer reserves the right to make changes in accordance with Section 8 herein. Time is of the essence in the performance of this Purchase Order.

2. ACCEPTANCE

This Purchase Order becomes a binding contract in accordance with the terms and conditions set forth herein when it is accepted by Provider either by written or other form of acknowledgment or by performance by Provider. The terms set forth herein constitute the entire agreement relating to the subject matter hereof and supersede all previous verbal or written representations, agreements and conditions. No revision of this Purchase Order shall be valid or binding unless and until such revision is put in writing and signed by an authorized representative of the Buyer, and no conditions stated by Provider in accepting, acknowledging, or amending this Purchase Order shall be binding upon Buyer if in conflict, inconsistent with or in addition to the terms and conditions herein. Any inconsistencies in the conditions set forth on the face of this Purchase Order and other attachments shall be resolved in accordance with the following order of precedence: (1) those on the face of the Purchase Order, which term shall include continuation sheets; (2) Special Terms and Conditions attached, including any applicable supplementary provisions; (3) Statement of Work; and (4) these Terms and Conditions, including any applicable supplementary provisions. The Purchase Order price is a firm fixed price, unless indicated to the contrary elsewhere in this Purchase Order.

3. Acknowledgment

Each Party acknowledges and agrees that it has fully read and understands this Agreement, has had a full and fair opportunity to discuss this Agreement with its attorneys, has had any questions regarding its effect or the meaning of its terms answered to its satisfaction and, intending to be legally bound hereby, has freely and voluntarily executed this Agreement. Contractor acknowledges that it is the Parties' mutual intent by this Agreement to create an independent contractor relationship and Contractor acknowledges that contractor has had the opportunity to negotiate the terms and conditions of this Agreement.

4. PERIODIC REVIEW BY BUYER

Provider shall keep Buyer informed of progress of the work, and Buyer shall have the right to review and/or request a written report, at any time, concerning the progress of the work being performed by Provider, including but not limited to, compliance with SOW requirements and/or contractual milestones and the use of employees assigned by Provider. Provider shall cooperate in such review or progress report at no additional cost.

5. COMPENSATION FOR SERVICES

Buyer shall pay Provider for the Services according to the terms of the face of the Purchase Order or pursuant to a schedule attached hereto or in the SOW. Payment terms are as stated on the face of the Purchase Order. Buyer shall pay Provider only for those expenses incurred by Provider in the direct performance of Services hereunder, including, but not limited to, any applicable travel, living and out-of-pocket expenses of Provider's employees that have been approved by Buyer in writing in advance or as specifically agreed to elsewhere in the Purchase Order documents. All travel by Provider's personnel shall comply with Buyer's current travel reimbursement policies, unless otherwise agreed.



6. RIGHT TO DEMAND RETURN OF INTERIM PAYMENTS

Should Buyer, prior to full performance and completion of the Purchase Order, make any payment hereunder for any cause or reason, whether conditionally or unconditionally, unless otherwise agreed, Provider shall be subject to a demand for return with interest, at the option of the Buyer, if this Purchase Order is ultimately terminated for default of Provider, or otherwise not fully performed and completed by Provider in accordance with the terms and provisions hereof.

7. TAXES AND DUTIES

The price set forth in this Purchase Order includes all applicable state and local sales taxes. Contractor shall be solely responsible to pay any and all state, local and/or federal income, Social Security and unemployment taxes for Contractor and his/her employees, if any. TELEPHONICS will not withhold any taxes or issue W-2 forms for Contractor and/or Contractor's employees but shall provide Contractor with a Form 1099 if required by law.

8. CHANGES

Buyer may at any time by written notice to Provider make changes or additions within the scope of the Purchase Order, including, but not limited to, changes in tasks, delivery dates, or place of performance. In the event Provider considers that any change will significantly impact the general scope of the original purchase order, Provider shall immediately, and not more than 10 days after receipt of the notice of change, notify Buyer in writing, setting forth in detail the nature and extent of the impact. If Buyer agrees in writing to the impact cost, or other effect as advised by Provider, Buyer will make an appropriate equitable adjustment in the price or time of performance, or both, by written modification to the Purchase Order. Any disagreement on the part of the Provider to such adjustment or impact must be asserted within ten (10) days after Provider's receipt of notice of such determination by Buyer. Any claim for increased cost will be calculated in accordance with Provider's regularly established accounting system and shall be verified at no expense to the Buyer by an independent Certified Public Accounting firm regularly used by Provider. Nothing contained in this clause shall relieve Provider from proceeding without delay in the performance of this Purchase Order as changed.

9. SUBCONTRACTING OR SUBLICENSING

Provider shall not subcontract or sublicense any work or performance under this Purchase Order without prior written authorization of Buyer.

10. LIMITATIONS ON CONTRACTOR'S AUTHORITY.

Contractor is authorized only to provide Services in accordance with the terms of this Agreement. Contractor does not have the right to employ or contract on behalf of TELEPHONICS. Contractor also may not use any trademarks, trade names, slogans, or logos owned by TELEPHONICS. Contractor is not authorized to make any commitments or create any obligation on TELEPHONICS behalf.

11. INDEPENDENT CONTRACTOR STATUS

To the fullest extent permitted by law, Contractor shall be an independent contractor hereunder. Neither Contractor nor anyone acting on its behalf shall be deemed an agent, employee, joint employee or servant of TELEPHONICS. Neither TELEPHONICS nor Contractor shall have any right to act on behalf of or bind the other Party for any purpose. Contractor shall be free at all times to arrange the time and manner of performance of the Services. As an independent contractor, the mode, manner, method and means used by Contractor in the performance of Services required by the Statement of Work shall be of Contractor's selection and under the sole control and direction of Contractor. Contractor shall be responsible for all risks incurred in the operation of Contractor's business and shall enjoy all the benefits thereof. Any persons employed by or subcontracting with Contractor to perform any part of Contractor's obligations hereunder shall be under the sole control and direction of Contractor and Contractor shall be solely responsible for all liabilities and expenses thereof. TELEPHONICS shall have no right or authority with respect to the selection, control, direction, or compensation of such persons.



12. WORK PERFORMED BY PROVIDER ON BUYER'S OR ITS CUSTOMERS' PREMISES

If Provider's work under the Purchase Order involves Provider operating on the premises of Buyer or one of its customers, Provider shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work. Provider shall maintain such public liability, property damage, and employee's liability and compensation insurance to the satisfaction of Buyer as will protect Buyer from liability or from any claims under any applicable Workmen's Compensation and Occupational Disease Acts, and upon Buyer's request Provider shall provide copies of such policies evidencing such coverage.

13. NO EMPLOYEE BENEFITS

Contractor, on behalf of itself and any other persons performing Contractor's obligations pursuant to this Agreement:

(i) acknowledges and agrees that neither Contractor nor any such persons shall receive or be eligible to receive from TELEPHONICS or any of its affiliates any benefits provided to employees of TELEPHONICS; (ii) hereby declines all offers of employee benefits from TELEPHONICS or its affiliates; and (iii) to the extent permitted by law, waives any and all rights and claims to such employee benefits. Contractor agrees that the provisions of this Paragraph apply even if Contractor is found or determined to be a statutory or common law employee of TELEPHONICS for any purpose. The employee benefits to which this Paragraph applies include, but are not limited to, the following benefits which may currently, or hereafter, be offered by TELEPHONICS under any agreement, plan, program, arrangement, or otherwise: health, sickness, accident, dental, life, disability and accidental death and dismemberment coverage, whether insured or self-insured; disability, severance, vacation and other paid time off; child care, tuition benefits, expenses, profit sharing, cafeteria plans, pension, 401(k); all other types of retirement plans or programs; and any incentive, bonus or other deferred compensation plans or programs.

14. INDEMNIFICATION.

Contractor shall indemnify and hold harmless TELEPHONICS, its officers, directors, agents and employees, from and against any and all claims, losses, actions, damages, expenses and all other liabilities, including but not limited to legal costs and reasonable attorneys' fees, arising as a result of any act or omission of Contractor or as a result of Contractor's performance of Services under this Agreement. Without limitation, this indemnification includes claims for compensation or damages arising out of (i) the death or injury of any person or for the destruction or damage to any property which may have been caused directly or indirectly by, or arise out of, any act or omission of Contractor, its assistants, employees, subcontractors, substitutes and/or agents, if any, and (ii) claims of infringement of any patent, trade secrets, copyright, trademark or other proprietary rights.

15. TERM AND TERMINATION

The term of this Agreement shall be for the period specified on the face of the Purchase Order or until terminated by Buyer as provided herein, whichever shall be first to occur. Buyer may terminate this Agreement upon notice to Provider and cancel Provider's services hereunder at any time for or without cause and without further obligation to Provider except for payment due for Services duly performed prior to date of such termination.

16. DEFAULT BY PROVIDER

Time is of the essence of this Purchase Order. In the event Provider shall: (1) fail to perform the Services required by this Purchase Order within the time herein provided or any agreed upon extension of such time; or (2) fail to perform any other provision of this Purchase Order; or (3) fails to make progress as to endanger timely and proper performance of the Purchase Order, and in either or case, fails to cure such failure within a period of ten (10) days after receipt of notice from Buyer specifying such default, then in addition and not in lieu of any other rights or remedies, Buyer may terminate this Purchase Order in whole or in part. Buyer shall also, in the event of such termination for cause, have the right to procure, on such terms and in such manner as it may deem appropriate, Services similar to those so terminated, and to recover from Provider, or to set off against any sum then or thereafter due to Provider, the excess costs incurred by it in procuring such similar Services. Notwithstanding, however, Provider shall not be liable for any delays caused by acts of: i) nature; ii) war; iii) hostilities; iv) fire; or v) any act or default of the Buyer. In order for Provider to qualify for an



excusable delay, the Provider must promptly notify the Buyer in writing no later than seven days after the start of each occurrence, establishing that a condition exists or is about to exist, as identified in the preceding sentence and shall use best efforts to avoid or work around such occurrence. Said notification shall include sufficient information to support Provider's claim, including written documentation of an independent third party, with evidence of the period of said delay. The delivery schedule requirements of this Purchase Order shall be extended by the length of such period as is supported by the evidence provided. The Provider shall advise the Buyer in writing at the end of the circumstance that gave rise to the delay. Unless both parties otherwise agree, if the period of excusable delay exceeds 60 days, the Buyer shall have, the right to rescind this Purchase Order. The rights of Buyer provided in this article shall be in addition to any rights provided by law elsewhere or by this Purchase Order.

17. EARLIER TERMINATION OF AGREEMENT

This Agreement shall terminate automatically in the event that either Party shall (i) cease conducting business in the normal course, (ii) become insolvent, (iii) make a general assignment for the benefit of creditors, (iv) suffer or permit the appointment of a receiver for its business or assets, or (v) avail itself of, or become subject to, any proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt or receivership law or statute.

18. PAYMENT OF FEES UPON TERMINATION

In the event of a termination of this Agreement, TELEPHONICS shall pay all undisputed outstanding invoices and charges for Services performed through the date of termination. Contractor agrees and understands that any estimates of the amount of time involved in a project which may have been given to or by Contractor in connection with the requested work shall not be binding upon TELEPHONICS, and shall in no event be interpreted as a commitment by TELEPHONICS to continue a project assignment for any specific term. Any damages or other amounts owed to TELEPHONICS by Contractor for any reason upon termination of this Agreement may be deducted from any amounts owed by TELEPHONICS to Contractor.

19. RIGHT TO SUSPEND OR STOP WORK

Buyer reserves the right to suspend or stop, by written notice to Provider, the work hereunder, in whole or part. In such event, Provider shall take all reasonable steps to minimize the incurrence of additional costs allocable to the work affected. Should such work stoppage or suspension cause an increase in cost or time required for performance, an equitable adjustment in price or in time of performance or both shall be made in accordance with Section 8 above.

20. DISPUTES

Pending final resolution of any dispute or controversy arising under or related to this Purchase Order, whether by agreement or by a final judgment, Provider shall proceed diligently with the performance of the Purchase Order according to Buyer's decision and direction. To the extent that the work or services being acquired hereunder are for ultimate sale to the United States Government, nothing in this Agreement grants the Provider with a direct right of action against the Federal Government under the Prime Contract.

21. RETURN OF MATERIAL

Within five days of the termination of this Agreement, Contractor shall (i) return to TELEPHONICS all Proprietary Information, Intellectual Property and all other properties of TELEPHONICS, and (ii) provide to TELEPHONICS a status report in respect of all tasks, Services or projects that have not been fully performed and such other information and materials as may be necessary or helpful to TELEPHONICS in completing such tasks, Services or projects. In the event of termination of this Agreement or the reassignment or termination of anyone acting on behalf of Contractor assigned to TELEPHONICS, Contractor shall secure and return any TELEPHONICS equipment or other property that is being used by such persons outside the premises of TELEPHONICS. Failure to comply with the provisions of this Section 7.4 may result, in addition to other available remedies, in payment to Contractor being withheld by TELEPHONICS until all equipment or other property is returned and such information is provided.



22. REPRESENTATION AND WARRANTIES

In addition to and without prejudice to all other warranties both express and implied, Provider warrants that the Services furnished hereunder will be: (a) performed in a professional manner and to the best of the contractor's ability and in a good, workmanlike manner with the highest standards of care, skill, and diligence used by persons who are skilled, trained and experienced with respect to the Services to be provided; (b) be free from defects in workmanship and the contractor shall make corrections and modifications required by TELEPHONICS due to any errors or omissions in Contractor's work product; (c) in compliance with all requirements of this Purchase Order including schedule(s), applicable drawings, specifications, proposal documents or other descriptions submitted by Provider and to the extent not specified in an executed Work Order, shall be made with the highest quality materials and shall satisfy the highest industry standards; and (d) suitable for the purposes intended. All warranties both express and implied, shall constitute conditions precedent, shall survive inspection, acceptance and payment and shall inure to Buyer, its customers and users. Without limitation of any rights by reason of any breach of warranty or otherwise, Services which are not as warranted may at any time be rejected by Provider for credit, correction or replacement as Buyer may direct, and in the event Provider fails promptly to correct or replace the Services as directed by Buyer, in addition to the rights stated to above, Buyer shall have the right to terminate this Purchase Order for default. All materials produced under this Agreement will be of original development by Contractor or Contractor has the legal right to convey the entire right, title and interest in such materials; and neither the execution of this Agreement nor the performance of its obligations hereunder, will infringe upon or violate any patent, copyright, trade secret or other proprietary right of any third Party.

23. PROPRIETARY INFORMATION

The term "Proprietary Information" shall mean all information (whether or not specifically labeled or identified as confidential), in any form or medium, that is disclosed to, or developed or learned by, Contractor or anyone acting on its behalf in connection with the performance of Services hereunder, and that relates to the business, products, research or development of TELEPHONICS or its suppliers, clients or customers. Proprietary Information shall not include any information that Contractor can demonstrate (i) is publicly known through no wrongful act or breach of obligation of confidentiality; (ii) was lawfully known to Contractor prior to the time it was disclosed to, or learned by, Contractor during the term of this Agreement; (iii) was received by Contractor from a third Party not in breach of any obligation of confidentiality, or (iv) was independently developed by Contractor without any use of any Proprietary Information.

Contractor acknowledges and agrees that it shall have access and contribute to Proprietary Information and that it intends to protect the legitimate business interests of TELEPHONICS therein. Contractor agrees that, during the term of this Agreement and at all times thereafter, it shall not use, and shall not permit anyone acting on its behalf to use, for its or their benefit or the benefit of any other person, and shall not disclose, or permit such person to disclose, to any other person, any Proprietary Information, except to the extent such use or disclosure is required in the performance of Services, pursuant to Section 5.3 of this Agreement, or is made with TELEPHONICS prior written consent. Contractor shall use its best efforts and utmost diligence to safeguard the Proprietary Information and to protect it against disclosure, misuse, espionage, loss and theft. In the event that Contractor or anyone acting on its behalf is required by law or court order to disclose any Proprietary Information, Contractor shall (i) promptly notify TELEPHONICS in writing and in no event later than five business days prior to any such disclosure; (ii) cooperate with TELEPHONICS to preserve the confidentiality of such Proprietary Information consistent with applicable law; and (iii) use Contractor's best efforts to limit any such disclosure to the minimum disclosure necessary to comply with such law or court order.

24. INTELLECTUAL PROPERTY

The term "Intellectual Property" shall mean (i) all trade secrets, ideas, inventions, designs, developments, devices, methods and processes (whether or not patented or patentable, reduced to practice or included in the Proprietary Information) and all patents and patent applications related thereto; (ii) all copyrights, copyrightable works and mask works (whether or not included in the Proprietary Information) and all registrations and applications for registration related thereto; (iii) all Proprietary Information; and (iv) all other proprietary rights contributed to, or conceived or created by, Contractor or anyone acting on its behalf (whether alone or jointly with others) at any time prior to the termination of this Agreement, where such materials and information (v) relate to the business or to the actual or anticipated research or development of TELEPHONICS; (vi) result from any Services that Contractor or anyone acting on its behalf performs for TELEPHONICS; or (vii) are created using the equipment, supplies or facilities of TELEPHONICS or any Proprietary Information. If this purchase order is issued pursuant to a US Government Contract, then the Government shall have same rights as Buyer under this clause.

25. OWNERSHIP

All Intellectual Property is, shall be and shall remain the exclusive property of TELEPHONICS. Contractor hereby assigns to TELEPHONICS all right, title and interest, if any, in and to the Intellectual Property; provided, however, that, when applicable, TELEPHONICS shall own the copyrights in all copyrightable works included in the Intellectual Property pursuant to the "work-made-for-hire" doctrine (rather than by assignment), as such term is defined in the 1976 Copyright Act. All Intellectual Property shall be owned by TELEPHONICS irrespective of any copyright notices or confidentiality legends to the contrary which may be placed on such works by Contractor or by others. Contractor shall ensure that all copyright notices and confidentiality legends on all work product authored by Contractor or anyone acting on its behalf shall conform to TELEPHONICS practices and shall specify TELEPHONICS as the owner of the work. Provider and Buyer both shall retain all rights; title and interest in and to their respective pre-existing invention, trade secrets or works of authority developed and/or owned exclusively by either the Buyer or Provider, whether or not they were specifically used by either party for use with this Purchase Order. Provider shall, in order to protect such invention, trade secrets or works of authority, identify to Buyer the nature of such pre-existing invention, trade secrets or works of authority that will be used or applied to the Services to be rendered. If this purchase order is issued pursuant to a US Government Contract, then the Government shall have same rights as Buyer under this clause.

26. Keep Records

Contractor shall keep and maintain, or cause to be kept and maintained by anyone acting on its behalf, adequate and current written records of all Intellectual Property in the form of notes, sketches, drawings, computer files, reports or other documents relating thereto. Such records shall be and shall remain the exclusive property of TELEPHONICS and shall be available to TELEPHONICS at all times during the term of this Agreement and at all times thereafter.

27. Further Assurances

During the term of this Agreement and at all times thereafter, Contractor shall promptly execute, and shall cause anyone acting on its behalf promptly to execute, any and all declarations, assignments, applications and other instruments which TELEPHONICS shall deem necessary to apply for and obtain patents and copyright registrations in any country or otherwise to protect TELEPHONICS interests in the Intellectual Property.

28. No Application

The provisions of this Article VI shall not apply to any invention for which no equipment, supplies or facilities of TELEPHONICS or any Proprietary Information was used, unless (i) the invention relates to the business or to the actual or anticipated research or development of TELEPHONICS, or (ii) the invention results from any Services performed by Contractor for TELEPHONICS.



29. INDEMNITY FOR INFRINGEMENT

Service Provider shall indemnify Buyer and its customers and users against liability, including costs, for infringement of any intellectual property rights of others, or United States patent or copyright arising out of the use of such Services under this Purchase Order. The foregoing indemnity shall not apply unless Provider shall have been informed as soon as practicable by Buyer of the suit or action alleging such infringement and shall have been given such opportunity as is afforded by applicable laws, rules, or regulations to participate in the defense thereof; and further, such indemnity shall not apply if: (1) the infringement results from compliance with specific written instructions of Buyer directing a change in the Services to be rendered or in materials or equipment to be used, or directing a manner of performance of this Purchase Order not normally used by Provider; or (2) the infringement results from the addition to or change in supplies furnished, which addition or change was made subsequent to delivery or performance by Provider; or (3) the claimed infringement is settled without the consent of Provider.

30. APPLICABLE LAW

This Purchase Order shall be governed by and construed in accordance with the laws of the State of New York, excluding its choice of law rules, and both parties agree to the exclusive jurisdiction of the state or federal courts in New York.

31. COMPLIANCE WITH LAWS

Provider shall observe and comply with all applicable federal, state and local laws, executive orders, international agreements, rules and regulations in the performance of this Purchase Order, and Provider warrants that the Services furnished under this Purchase Order have been or will be produced in compliance with all requirements of all applicable laws and regulations including but not limited to the U.S. Fair Labor Standards Act. Provider agrees to indemnify and save Buyer harmless against any loss, liability expense or damage by reason of Provider's failure to observe or comply with any applicable law, executive order, international agreement, rule or regulation.

32. SEVERABILITY; SURVIVAL

If any provision of this Agreement is held or declared to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

33. EXPORT/IMPORT PROVISIONS

Provider represents and warrants that, except as allowed under applicable U.S. export license provisions, no technical data furnished to it hereunder shall be disclosed by it to any foreign national, firm, or country, including foreign nationals employed by or associated with Provider, nor shall Provider re-export any technical data without first complying with all requirements of the International Traffic in Arms Regulations of the U.S. Department of State, the Export Administration Act and Regulations and U. S. Customs Regulations. Provider shall hold Buyer harmless for all claims, demands, damages, costs, fines, penalties, attorney's fees, and all other expenses arising from its failure to comply with this clause.

34. NOTICES

Any notices, consents or approvals required or permitted to be given hereunder shall be deemed to be given and sufficient (i) three days after deposit in the United States mails, if sent via certified or registered letter, return receipt requested, (ii) one day after deposit with a reputable overnight delivery or courier service, or (iii) after receipt of confirmation or answer back, if sent by e-mail or fax with written confirmation to the receiving Party, in each case, to the address or such facsimile number provided by either Party to the other.



35. ASSIGNMENTS; WAIVER

This Agreement may not be assigned by Contractor, in whole or in part, without the prior written consent of TELEPHONICS. Neither party hereto shall be deemed to have waived any rights or remedies hereunder unless such waiver is in writing and signed by the authorized representative of the party. No delay or omission by either party hereto in exercising any right shall operate as a waiver of such right. A waiver of a right on any one occasion shall not be construed as a waiver of such right on any future occasion.

36. ENTIRE AGREEMENT; AMENDMENTS, COUNTERPARTS

This Agreement contains the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes any previous understandings or agreements, whether written or oral, in respect of such subject matter. The language used in this Agreement shall be deemed to express the mutual intent of the Parties, and no provision of this Agreement shall be presumptively construed against any Party. This Agreement may only be amended by a written instrument executed by a duly authorized representative of each of the Parties hereto. This Agreement may be signed in two counterparts, each of which shall constitute one and the same instrument. All rights and remedies hereunder shall be cumulative and may be exercised singularly or concurrently. The descriptive headings of this Purchase Order are intended for reference only and shall not affect the construction or interpretation of this Purchase Order. References to this Purchase Order are inclusive of Purchase Orders, which are specifically made applicable to this Purchase Order by their terms. This Purchase Order and attachments made a part hereof constitute a fully integrated contract, and supersede and merge any and all prior discussions, representations, demonstrations, negotiations, correspondence, writings and other agreements and together state the entire understanding and agreement upon which Provider and Buyer rely respecting the subject matter of this Agreement.

37. ETHICAL CONDUCT

Every TELEPHONICS' Service Provider is required to understand and comply fully with the applicable rules and ethical principles contained in Telephonics' "Code of Business Ethics and Standards of Conduct," which forms a part of this Purchase Order and is incorporated herein by reference. A copy of the Code of Business Ethics and Standards of Conduct may be found on Telephonics website address at www.telephonics.com or a printed copy will be made available upon request. Failure to do so shall be grounds for termination of the Purchase Order under the default provisions herein.

38. NO RIGHT TO CONTROL

Contractor shall have sole discretion over the mode, manner, method and means used to perform the Services under this Agreement. Contractor is responsible for, among other things: obtaining and maintaining equipment used to perform Services; paying all expenses incurred; selecting and controlling the means and facilities, including office space, used to perform Services; hiring, training, compensating, controlling and discharging employees or contractors used by Contractor, if any; satisfying all legal obligations concerning applicable taxes; and complying with all applicable laws and regulations.

39. CONTRACTOR'S EMPLOYEES AND INDEPENDENT CONTRACTORS

Any persons employed by or subcontracting with Contractor to perform all or any part of Contractor's obligations hereunder shall not be under the control or direction of TELEPHONICS. Contractor shall be solely responsible for all such persons and all liabilities and expenses of such persons. TELEPHONICS shall have no right or authority with respect to the selection, control, direction, training, discharge, or compensation of such persons, and will not retain any persons on Contractor's behalf.



40. CONTRACTOR INVESTMENTS/EXPENSES OF BUSINESS

Contractor agrees that as an independent contractor it is solely responsible for the materials, supplies, equipment and costs (and profits/losses associated therewith) it incurs in performing Services pursuant to this Agreement. Contractor understands that except as expressly set forth in the SOW it shall not be reimbursed for any materials, supplies, equipment, or operating costs, nor will any of these costs of doing business be defrayed in any way by TELEPHONICS. TELEPHONICS does not guarantee to Contractor that Contractor's revenues received pursuant to this Agreement will exceed Contractor's costs.

41. NON-EXCLUSIVITY

Contractor shall be entitled to accept and perform, in its sole discretion and without notice to or approval by TELEPHONICS, any consulting or employment engagements on behalf of any other clients, provided such engagements do not prevent or interfere with Contractor's performance of Services or otherwise prevent Contractor from fulfilling its obligations under this Agreement.