

MEASUREMENT SYSTEMS INC

TERMINATION LIABILITY CLAUSE

1. EXCUSABLE DELAYS

MSI shall not be liable for any cost for the failure or delay in making deliveries when such failure or delay is due to any cause beyond its control and without the fault or negligence of MSI and/or its Subcontractors of any tier. MSI will provide the Buyer notice when it appears that such cause will delay deliveries under this Contract. Such causes may include, but are not restricted to: 1) acts of God or of the public enemy, 2) acts of the Government in either its sovereign or contractual capacity, 3) fires, 4) floods, 5) epidemics, 6) quarantine restrictions, 7) strikes, 8) freight embargoes and unusually severe weather.

2. TERMINATION OF CONTRACT BY BUYER

If Buyer decides to terminate this Contract in whole or in part MSI shall promptly 1) terminate the work, minimizing costs and liabilities for the terminated work, (2) protect, preserve, and deliver in accordance with Buyer's instructions any property related to the Contract in MSI's possession and (3) continue the performance of any part of the work not terminated.

Upon termination, MSI will assess and advise Buyer of all stock including completed or uncompleted items or raw, semi-processed or completed materials to be used in fulfilling the Contract.

- (1) For completed items or materials, MSI will deliver to the Buyer those completed goods upon which the Buyer will make payment at the Contract price.
- (2) For uncompleted items or raw or semi-processed materials, MSI will deliver to the Buyer or dispose of at the Buyer's discretion all or part of such goods at the portion of the Contract price representing the stage of completion.
- (3) For goods which MSI has under firm subcontract, MSI may at its option either take an assignment of the Buyer's right under the Contract or pay the cost, if any, of settling or discharging Buyer's obligation under the Contract.