

Azonix Corporation

GENERAL PURCHASE ORDER TERMS AND CONDITIONS

PART 1: TERMS AND CONDITIONS APPLICABLE TO ALL PURCHASE ORDERS ISSUED BY Azonix Corporation

1. DEFINITIONS.

As used throughout this Order the following definitions apply unless otherwise specifically stated:

- (a) "FAR" means the Federal Acquisition Regulation (formerly Defense Acquisition Regulation known as "DAR") in effect on the date of this Order.
- (b) "Contracting Officer" means the Government contracting officer(s) for the prime contract in this Order.
- (c) "Buyer" means one of the Azonix Corporation.
- (d) "Seller" (or "subcontractor") means the legal entity that is the contracting party with Buyer in this Order. In FAR clauses incorporated herein, "Contractor" refers to Seller, and "subcontractor" refers to Seller's subcontractors.
- (e) "Order," or "subcontract" or "Purchase Order" refer to this contractual instrument. In FAR clauses incorporated herein, the term "contract" means this Order (or this subcontract).
- (f) "Government" refers to the Government of the United States acting through the Department or agency that awarded the prime contract.
- (g) "Prime contract" means the Government contract (identified in this Order) under which this Order was issued.
- (h) "Ordered Item" means any good or other item or service ordered by Buyer pursuant to this Order. Depending on the context, Ordered Items or parts thereof are sometimes referred to as "goods" or "property" or by other appropriate terms.

2. ACCEPTANCE.

Any of the following acts (whichever occurs first) shall constitute valid acceptance of this Order: (1) receipt by Buyer of Seller's written acceptance, (2) Seller's commencement of work on any Ordered Item or part thereof, or (3) shipment of any Ordered Item to Buyer. Any acceptance of this Order is limited to acceptance upon the express terms of the Order.

Buyer hereby objects to and rejects any proposal for additional or different terms or any attempt by Seller to vary in any way any of the terms hereof. Any such proposal or attempt shall be deemed a material alteration of this Order, and this Order shall be deemed accepted by Seller without any additional or different terms (except in the case of proposals to change the description, quantity, price or delivery schedule of the Ordered Items ("Basic Changes")). In the case of proposals for Basic Changes, there shall be deemed to be no agreement between Buyer and Seller.

If this Order shall be deemed an acceptance of a prior offer by Seller (1) such acceptance is limited to the express terms contained in the Order; (2) any additional or different terms in such prior offer or any other attempt by Seller to vary in any way any of the terms of this Purchase Order shall be material and Buyer objects thereto and rejects the same, and (3) such prior offer shall be deemed accepted, but only upon the terms contained in this Order; provided, however, if such prior offer by Seller or other attempt by Seller to vary the terms of this Order contains proposals for Basic Changes, there shall be deemed to be no agreement between Buyer and Seller.

3. ENTIRE AGREEMENT.

This Purchase Order constitutes the entire agreement between BUYER and SELLER and supersedes all communications, representations, or agreements, whether oral or written, between the parties with respect to the subject matter of this Purchase Order.

4. MODIFICATION.

No modification of this Order (including, without limitation, any additional or different terms in Seller's acceptance hereof) shall be binding on Buyer unless Buyer agrees to such modification in a writing signed by Buyer's Purchasing Representative.

5. TRANSACTIONS WITH DENIED PERSONS/DEBARRED PARTIES

To ensure compliance with U.S. export laws, Azonix Corporation does not conduct business transactions with the "Denied Parties List" published by the U.S. Department of Commerce, the "Denied Parties List" published by the Department of State and the "Specially Designated Nationals" list published by the Department of Treasury, Foreign Assets Control. Azonix Corporation expects all suppliers and subcontractors to comply with these laws as well. (You may view the U.S. Government websites of the Agencies noted above to access their lists.)

Notice: Azonix Corporation will not enter into any subcontract or other business relationship relating to United States Government contracts with any individual or business entity listed by a United States Government agency as debarred, suspended or otherwise ineligible for contracting.

Certification: The individual or entity that proposes to provide goods or services to Azonix Co. under this offer/agreement hereby certifies that it is not listed by a United States Government agency as debarred, suspended or otherwise ineligible for contracting.

6. PACKING, MARKING AND SHIPPING.

Seller shall pack, mark and ship all goods and supplies in accordance with the requirements of this Order, all applicable transportation regulations and good commercial practice for protection and shipment of the Ordered Items. Seller shall secure the transportation service and rates most advantageous to the Buyer as long as procurement thereof shall be consistent with Seller's foregoing obligations. No separate or additional charge shall be payable by Buyer for containers, crating, boxing, bundling, dunnage, drayage or storage unless specifically stated in this Order. Any expense, damage or liability incurred by Buyer as a result of improper preservation, packaging, packing, marking or method of shipment shall be reimbursed by Seller upon demand. A packing list showing this Order number (and release number, if applicable) shall be included with each shipment, and each container shall be marked to show the Order number. Seller shall mail the original bill of lading to Buyer's Purchasing Department at point of Order unless otherwise instructed. Any transportation charges paid by Seller for which Seller is entitled to reimbursement shall be shown on Seller's invoice as a separate line item and the receipted freight bill shall be attached thereto.

In the case of a drop shipment, Seller shall send or Fax Buyer at time of shipment two copies of the above-described packing list.

7. DELIVERY.

Deliveries (as specified in the Order) shall be completed strictly in accordance with the quantities and schedules specified in the Order. If, at any time, it appears Seller may not meet such delivery schedule, Seller shall immediately notify Buyer of the estimated duration of any delay and the reasons therefor. In such event, Seller shall, upon request by Buyer, avoid such delay (or such portion thereof as Buyer requires) by appropriate methods, including (without limitation) incurring expenditures for overtime and expedited shipment by air or other means of expedited transport. Any costs incurred by Seller to avoid such delay shall be borne solely by Seller, unless the delay in delivery arises out of causes beyond the control and without the fault or negligence of Seller or its subcontractors within the meaning of the "Default" clause herein. The foregoing requirements are in addition to all of Buyer's other rights and remedies as may be provided by applicable law or this Order. Nothing herein shall be interpreted as waiving Buyer's remedies for default (including right of termination) if Seller fails to meet the delivery schedule specified on the face hereof. Delivery according to the schedule provided herein is an important condition hereof.

Therefore, the delivery date(s) will not be advanced or delayed without agreement between the parties.

8. INSPECTION, REJECTION AND REMEDY OF DEFECTS

Buyer shall have the right to inspect and test any item furnished pursuant to this Order. Except as otherwise provided in these terms, inspection by the Buyer after delivery shall constitute final acceptance except as regards latent defects, fraud, or gross mistakes as amount to fraud. Payment for material under this Order prior to inspection shall not constitute an acceptance thereof.

If Buyer rejects any goods, Buyer shall then be relieved of any obligation related thereto, including (without limitation), any obligation to pay therefor. In the event Buyer shall reject any goods, Buyer shall be entitled to require the Seller to provide other goods that comply with the terms of this Order. Without limiting the foregoing, Buyer may elect to accept defective goods, subject to an equitable reduction in price. In the event that Buyer shall require delivery of non-defective replacement goods and Seller is unable to provide such goods within the delivery schedule stated herein, Buyer may, but shall not be obligated, to accept such replacement goods, subject to an equitable reduction in price.

9. LOSS OR DAMAGE CAUSED BY SELLER.

In the event Seller, its employees, agents and/or subcontractors enter premises occupied by or under the control of Buyer in the performance of this Order, Seller shall fully compensate, indemnify and hold harmless Buyer, its officers, employees, agents and contractors, for or from damage or injury of any sort to any

person or property, any claim, charge, liability, obligation, penalty, damages, costs or expenses (including reasonable attorneys' fees incurred in connection therewith) arising out of or in connection with any act or omission of Seller, its employees, agents and/or subcontractors on or about such premises. Without in any way limiting the foregoing undertakings, Seller (and its subcontractors at all tiers) shall maintain with a reputable insurance company or companies liability insurance in reasonable limits covering the obligations set forth above and shall maintain proper Workmen's Compensation insurance covering all employees, agents and contractors performing this Order. Without limiting the foregoing, in no event shall a liability policy providing less than \$1 million of coverage (per occurrence) be deemed reasonable for purposes of complying with the requirements of this paragraph.

10. RESPONSIBILITY FOR BUYER/GOVERNMENT FURNISHED PROPERTY.

All property, including material, tooling and equipment that is furnished to Seller by Buyer for performance of this Order or for which Buyer has specifically agreed to pay Seller, shall be and remain the property of Buyer or the Government, as applicable, and title to such property shall not be affected by incorporation or attachment to any other property. All property manufactured or acquired by Seller under this Order, the title to which shall be vested in Buyer or the Government, and all property furnished or consigned to Seller by Buyer under this Order, including Government property, shall be kept and maintained in accordance with standards in FAR 45.5 "Management of Government Property in Possession of Contractors," which is hereby incorporated in and made a part of this Order. Such property shall be used by Seller only in the performance of this Order or as may otherwise be authorized by Buyer (or by the Government with respect to Government) and shall remain the property of Buyer or the Government with respect to property of the place, in which case neither Buyer nor Government shall have any further obligation concerning same. When instructed by Buyer, Seller shall deliver the property covered by this clause to Buyer or the Government, as appropriate, F.O.B. carrier, Seller's plant at the completion or termination of this Order, or shall make such other disposition of property of the Government as Buyer, upon instructions of the Contracting Officer, may direct. Seller shall bear the risk of loss or destruction of and damage to property covered by this clause until delivered or returned to Buyer or the Government except that if the Contracting Officer consent or approval shall be interpreted to make Seller's liability for Government property the same as FAR 52.245-2(c), clause paragraph (g) provides for a prime contractor unless such interpretation is specifically negated, unless relieved by the Contracting Officer with respect to Government property as herein provided. Seller shall deliver or return Buyer property and Government property in the same condition as when manufactured, acquired, or received, except for reasonable wear and tear or for utilization thereof in accordance with the terms of this Order. With respect to Government property this clause applies only to Government property coming into Seller's possession and control solely under this Order; it does not, for example, apply to Government property held by Seller under a facilities or other Government contract which governs Seller's responsibility therefor.

11. CONFIDENTIALITY, PATENT AND PROPRIETARY DATA PROTECTION.

All drawings, specifications, prints or other data furnished or purchased by the Buyer:

- (a) Shall remain the property of the Buyer and shall be returned at any time without additional cost, upon demand of the Buyer;
- (b) Shall be held secret and confidential by the Seller and shall not be disclosed, in whole or in part, to any third party without the prior written consent of the Buyer;
- (c) Shall not be duplicated, used or disclosed, in whole or in part, for any purpose other than the performance of this Purchase Order; and
- (d) Shall be disclosed only to those employees of Seller who are directly engaged in the performance of this Purchase Order and who have been advised of the restrictions upon duplication, use and disclosure contained herein.

Seller shall implement and maintain storage and handling procedures sufficient to protect the confidentiality of the drawings, specifications, prints or other data furnished by the Buyer. In the reproduction of any of the controlled documents, Seller shall duplicate on and/or in such reproductions all of the restrictive legends, copyright notices or other intellectual and industrial property rights markings and legends as appear in the original versions provided by the Buyer.

Any breach by Seller of any of the foregoing shall be deemed to be a material breach of this Purchase Order on the part of the Seller. In addition to any remedies that the Buyer may then have, the Buyer shall have the right to cancel this any other unfulfilled Purchase Order that it has placed with the Seller without liability. The provisions of this paragraph shall survive the completion, expiration or termination of this Purchase Order.

12. NONEXCLUSIVE LICENSE

Seller acknowledges that, to the extent indicated by notices, legends or other markings, the drawings, specifications, prints or other data furnished by the Buyer under this Purchase Order constitute or contain trade secrets that are the property of the Buyer. Subject to the limitations and restrictions contained in this Purchase Order, Buyer grants to Seller a nonexclusive license to use said trade secrets for the limited purpose of supplying the articles or services required by this Purchase Order. To the extent that said trade secrets describe the articles or services required by this Purchase Order, Seller agrees it will not supply identical articles or services that have been extracted from Buyer's data, at the direction of or for the use or benefit of, any person other than the Buyer or persons designated by the Buyer.

13. TAXES.

Federal, State or local taxes of any nature shall be billed separately in Seller's invoices.

14. PUBLIC RELEASES.

Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish Buyer with the Ordered Items, or disclose any information contained in or connected with this Order (including, without limitation, the terms and conditions hereof) to any person or entity other than Seller and Seller's agents and subcontractors, except as expressly allowed (if at all) herein, and except as may be required to perform this Order.

15. RISK OF LOSS AND RESPONSIBILITY FOR SUPPLIES.

(a) When this Order specifies that the designated delivery point is F.O.B. carrier, Seller's plant, risk of loss (used in this clause to include damage, destruction, theft or other loss of the supplies) shall pass to Buyer upon delivery of the items to the common carrier by Seller properly addressed, labeled and consigned, and Buyer shall be responsible for asserting any claims against the carrier and for maintaining any required insurance against loss in transit.

(b) When this Order specifies that the designated delivery point is F.O.B. destination, risk of loss shall remain with Seller until delivery of the items to Buyer, and Seller shall be responsible for asserting any claims against the carrier and for maintaining any required insurance against loss in transit.

(c) Seller shall be responsible for the supplies covered by this Order until they are delivered at the designated delivery point, regardless of the point of inspection. After delivery to Buyer at the designated delivery point and prior to acceptance or rejection by Buyer, Buyer shall be responsible for risk of loss. Seller shall bear all risks of loss as to properly rejected supplies after timely written notice of rejection has been given, except that Buyer shall be responsible for risk of loss as to the rejected supplies of such loss results from the negligence of officers, agents or employees of Buyer.

16. DISPUTES.

(a) Any dispute arising under this Order that is not settled by agreement or pursuant to the following paragraphs of this clause, may be settled by appropriate legal proceedings. Notwithstanding any other provisions herein, any decision of the customer under the prime contract which binds Buyer shall also bind Seller to the extent that it relates to this Order, provided Buyer shall have notified Seller promptly of such decision, and if requested by Seller, shall have appealed the decision in accordance with the Disputes clause, if any, of the prime contract and taken any further action as may be required under this clause.

(b) Any decision on appeal, or any other decision of the customer under the prime contract which cannot be appealed under the Disputes clause of the prime contract if binding on Buyer, shall also bind Seller to the extent that it relates to this Order; provided Buyer shall have promptly notified Seller of such decision and, if requested by Seller, shall have brought suit or filed a claim, as appropriate, against the customer. A final judgment in any such suit or final disposition of such claim shall be conclusive upon Buyer and Seller.

(c) If any legal appeal, suit or claim is prosecuted by Buyer under this clause, Seller shall be permitted at Seller's expense, to participate fully in such prosecution for the purpose of protecting Seller's interest. If requested by Buyer, Seller shall prosecute any appeal, suit or claim initiated by Buyer at Seller's request. Each party shall cooperate fully in assisting the other party in such proceedings. Buyer agrees that after Seller has commenced to participate in any claim or proceedings against the customer pursuant to this clause, buyer will not enter into a settlement agreement with the customer or take any other action which would prejudice Seller's rights in such claim or proceeding without Seller's consent.

(d) During pendency of any dispute, decision, appeal, suit or claim covered by this clause, Seller shall proceed diligently with performance. All costs and expenses incurred by Seller and Buyer in prosecuting any appeal, suit or claim initiated by Buyer solely at Seller's request shall be paid by Seller; otherwise each

party shall bear its allocable share of the expense. The rights and obligations of Buyer and Seller under this clause shall survive completion of, and final payment under, this Order.

17. SUBCONTRACTING.

Seller shall not, without first obtaining Buyer's written approval, subcontract any portion of this Order if (a) this Purchase Order is a cost-type contract or (b) the subcontract is in excess of 50% of the value of the order; provided, however, that this section shall not apply to Seller's purchase of reasonable commercial supplies of standard raw materials. Seller shall select subcontractors (including subcontractors supplying such raw materials) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of this Order.

18. WAIVER AND MODIFICATION.

The failure of or delay or forbearance by Buyer in any one or more instances to insist on delivery of any Ordered Item by the date specified herein or on full performance of any of Seller's obligations under this Order in strict compliance with the terms hereof (or insistence upon remedies for Seller's failure to provide such delivery or performance) shall not be construed to be a waiver by Buyer of any other delivery time or full performance of any other provision hereof in strict compliance herewith (or waiver of any of such remedies) in any other instance. Acceptance by Buyer of any performance hereunder by Seller shall not constitute a waiver of any then-existing or future default or any remedy therefor. In event of termination or change by Buyer, any portion of Seller's claim (if any) based on manufacture or procurement of materials shall not include any amounts for manufacture or procurement in advance of Seller's normal manufacture or procurement flow unless Seller has previously obtained Buyer's written consent for such accelerated manufacture or procurement flow. No provision herein concerning inspection or conclusiveness of acceptance shall limit, extinguish or waive any warranty by Seller of this Order.

19. LAWS

This Order shall be governed in all respects by the laws of the Azonix Corporation site of issue (Buyer) and, where applicable, by the Federal Acquisition Regulations (FAR). Venue for any dispute arising out of this Order or the subject matter thereof or related directly or indirectly to the foregoing shall be in the Superior Court of the Buyer's State of operation.

20. LIENS.

All Ordered Items to be delivered herein and all property to be returned to Buyer shall be free and clear of any and all claims, liens and encumbrances whatsoever. Seller shall immediately discharge any claim, lien or encumbrance of any kind, other than in favor of the Government or Buyer, which at any time exists or arises in connection with any Ordered Items. If such claim, lien or encumbrance is not immediately discharged, Buyer may discharge the same at the expense of Seller and Buyer, upon demand by Seller, shall immediately reimburse Seller for any amount incurred in discharging the same, including, without limitation, attorneys' fees incurred in connection therewith.

21. WARRANTIES.

Seller warrants that all Ordered Items delivered under this Order shall conform to the requirements of this Order (including without limitation all technical descriptions, performance criteria, specifications and drawings), shall be free from defects in material and workmanship and shall, to the extent not manufactured pursuant to detailed designs furnished by the Buyer, be free from defects in design and fit for the intended purposes as Buyer has relied upon Seller's ability, expertise and awareness of such intended purpose. Buyer's approval of designs furnished by Seller or any approval of Seller's "First Article" shall not relieve Seller of its obligations under this Warranty. All of Seller's warranties set forth in this Order shall be enforceable by Buyer, Buyer's customers and any subsequent owner or operator of the Ordered Items. Any inspection or acceptance of such Items by Buyer shall not be deemed to alter, waive, extinguish or otherwise affect the obligations of Seller or the rights of Buyer, its customers or subsequent owners or operators under these warranties.

Unless otherwise negotiated and documented on this Order, all such warranties shall run from date of acceptance of goods by Buyer to one year after date of delivery to Buyer's customer of Buyer's end product containing Seller's Ordered Item, or, if Seller's Ordered Items purchased herein does not consist of goods to be made a part of an end product sold by Buyer to a customer, such warrantee shall run for a period of one year from date of acceptance by Buyer of Seller's Ordered Item.

22. PRICE.

If Seller's price or regular market price of any Ordered Item shall be higher than the price stated in this Order for such Item on the date of shipment thereof, Seller agrees that the Purchase Order price shall prevail. Buyer reserves the right to re-negotiate the pricing for any ordered item contained in the Purchase Order based on significant shifts in the market pricing. Any trade custom, other customer and/or any practice to the contrary notwithstanding, Buyer shall not be required to receive or pay for any quantity of Ordered Items in excess of the quantity thereof specified.

23. INVOICES AND STATEMENTS.

Payment of Seller's invoice is subject to adjustment for over-shipment, shortage and rejection. Individual invoices must be issued for each shipment applying to the Order unless otherwise negotiated or stated in the order. Such invoices must state (a) the P.O. number of this Order, including the Release number if it's a shipment against a Blanket P.O., (b) the quantity of each Ordered Item shipped, (c) description of each Ordered Item shipped and (d) price of each ordered item shipped. One copy of each individual invoice must be plainly marked "ORIGINAL." Any applicable sales tax, duty, excise tax, use tax or other similar tax or charge, for which Buyer has not furnished an exemption certificate, must be itemized separately on each invoice.

The effectivity of the negotiated payment terms for all items contained in this Purchase Order is the date of Seller's invoice unless the terms are other than FOB Shipping Point. All negotiated discount periods begin on the date of Buyer's actual receipt of the invoice.

24. SHIPMENT.

Seller shall not ship in advance of schedule. If Seller ships product sufficiently ahead of schedule such that ordered items are received by the Buyer in excess of five (5) work days prior to the scheduled dock date, Buyer reserves the right to either 1) return the product to the Seller at the Seller's expense to be debited from their account or 2), extend the payments terms for the received items by the number of days received early. Except as otherwise specified or approved by Buyer in writing, Seller shall ship exact quantities ordered. Seller shall not be liable for delay in shipment due to causes beyond Seller's reasonable control and without Seller's fault or negligence, provided Seller exercises due diligence in promptly notifying Buyer of conditions which will result in delay prior to the committed shipment date.

25. CHANGES.

The Buyer may, at any time by written notice to Seller, change this Order, including (without limitation) changes in design, method of shipment or packing, and place of delivery. Seller shall proceed immediately to perform this Order as changed. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this Order, an equitable adjustment shall be made in the price or delivery schedule, or both, and the Order shall be subsequently modified in writing accordingly. Failure to modify in writing by either party shall not be considered a waiver of the requirement of such writing and no extra charge shall be made by Seller for any change unless pursuant to modification in writing. Any claim for adjustment under this clause must be asserted within 30 days from the date of receipt by the Seller of the notification of change. Nothing in this clause shall excuse the Seller from proceeding with the contract as changed. Buyer will not be liable for delay in furnishing any Ordered Items to be provided by it, when such delay is caused by its failure to receive such Items from its source of supply or by any causes beyond the control of Buyer. When property or material is made obsolete, excess or unusable (in whole or in part) in connection with Ordered Items as a result of changes hereto, then the Buyer shall have the right, but not the obligation, to prescribe within a reasonable time the manner of disposition thereof. Any claim by Seller related to changes to this Order not made in compliance with this section shall be deemed waived. Except for changes identified as such in writing and signed by the Buyer, the Seller shall notify the Buyer within 30 days of any conduct or circumstances whatsoever that the Seller considers would constitute, or would require, a change to the order. Notwithstanding any provision hereof, no change or proposed change to this Order shall be effective after acceptance of this Order unless such change is in writing and signed by an authorized Buyer's Purchasing Representative as provided above.

26. COMPLIANCE WITH LAWS.

Seller warrants that, in the performance of this Order, it will comply with all applicable Federal, State and local laws. Seller also warrants that it is and will continue during the period of performance of the Order to be in full compliance with the provisions of the Anti-Kickback Act, as amended, 41 U.S.C. 51-58, and shall hold Buyer harmless from any liability resulting from failure of such compliance. On its invoice or in other form satisfactory to Buyer, Seller shall submit certification that the products covered by this Order were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act (29

Standards Act (29 U.S.C. 201-219) as amended, and of regulations and orders of the U.S. Department of Labor issued under Section 14 thereof.

27. PARTIAL INVALIDITY.

If any provision of this Order is or becomes void or unenforceable by force or operation of law, the other provisions shall remain valid and enforceable.

28. PATENT PROTECTION.

To the extent the Ordered Items are not manufactured pursuant to design originated by Buyer, Seller shall indemnify and hold harmless Buyer and/or its agents or customers harmless from any loss, damage, liability, damages, or expenses, including (without limitation) attorneys' fees and costs incurred in connection therewith, which may be incurred on account of any actual or alleged infringement of United States or other patent rights with respect to such items; provided this indemnity by Seller shall not apply to any alleged or actual infringement arising from use of the Ordered Items in combination with other items where such infringement would not have occurred from the normal use for which the Ordered Items were designed.

29. RECEIVING BY BUYER

The Buyer shall not be responsible for failure to receive the items subject to this Order, if such failure is caused by war, strikes, fires, the acts of God, a public enemy, labor or transportation difficulties, or other causes beyond Buyer's reasonable control.

30. FORCE MAJEURE

Neither Party will be liable for any delay in performing, or for failing to perform, its obligations under this Order resulting from any cause beyond its reasonable control including, acts of God; blackouts; power failures; inclement weather; fire; explosions; floods; hurricanes; typhoons; tornadoes; earthquakes; epidemics; strikes; work stoppages; labor, slow-downs; industrial disputes; sabotage; accidents; destruction of production facilities; riots or civil disturbances; acts of government or governmental agencies, including changes in law or regulations that materially and adversely impact the Party, and U.S. Government priority orders or contracts; provided that the Party affected by such event promptly notifies (in no event more than ten (10) business days of discovery of the event) the other Party of the event. If the delays caused by the force majeure conditions are not cured within sixty (60) days of the force majeure event, then either Party may immediately terminate this Order.

31. TERMINATION.

The performance of work under this Order may be terminated in whole or in part, by the Buyer. When FAR 49.502 (Apr 1974) is applicable to this Order, such termination shall be made in compliance therewith. Buyer may terminate this Order in whole or in part in either of the following circumstances:

- (i) If Seller fails to deliver the Ordered Items required by this Purchase Order within ten days after Seller's receipt of notice from Buyer of Seller's failure to provide such delivery with the time(s) specified in this Order,
- (ii) If Seller fails to provide full performance of any other provision of this Purchase Order in strict compliance with the terms hereof within ten days of Seller's receipt of notice from Buyer specifying such failure,
- (iii) If Seller shall fail to make progress in its operations so as to endanger performance of this Order in strict compliance with the terms hereof, and shall subsequently fail to correct such lack of progress within ten days of Seller's receipt of notice from Buyer concerning such failure.

In addition to any other rights provided in this Section, if the conditions for termination described in clauses (i), (ii) or (iii) of this Section shall be satisfied, Buyer may require Seller to transfer title and deliver to Buyer, in the manner and to the extent directed by Buyer (i) any completed products, and (ii) such partially completed products and materials, parts, tools, dies, jigs, fixtures, plans, drawings, and information or similar items (hereinafter called "Manufacturing Material"), as the Seller has produced or acquired for the performance of this Order; and the Seller shall, upon direction of Buyer, protect and preserve property in possession of the Seller in which Buyer has an interest. Payment for completed products delivered to and accepted by Buyer shall be at the Order price. Payment for Manufacturing Materials delivered to and accepted by Buyer and for the protection and preservation of property shall be at a price determined in a mutually agreeable manner.

In the event Buyer terminates this Order in whole or part pursuant to the provisions of this Section 31, Buyer may require Seller to assign to Buyer all of Seller's rights, title and interest to Seller's purchase orders, subcontracts or similar rights as selected by Buyer for materials, services or facilities necessary to the completion of the requirements of this Order so terminated. Before or after such assignment, Seller shall provide to Buyer all information Buyer shall reasonably require concerning such Seller's purchase orders, subcontractors or similar rights and matters related thereto. In the event of such an assignment, (i) Buyer shall not be liable for any amount in excess of the reasonable value of the items received by Buyer (not to exceed that portion of the unpaid purchase price reasonably allocable to such items), and (ii) Seller shall hold harmless Buyer from all liability, damages, claims, expenses, or loss, including (without limitation) attorneys' fees and costs incurred in connection therewith, related to such assigned orders, subcontracts or rights (except as provided in (i) of this sentence).

In the event of any termination of this Order by Buyer due to Seller's failure to perform the requirements of the Order, Buyer shall have the right to procure such terms from alternate sources and in such manner as it may deem appropriate and to recover from Seller the excess of the cost for such replacement items over the price therefore as provided herein. The rights of Buyer provided in this clause shall be in addition to any other rights provided by law or this Order.

Without limiting any provision hereof and in addition thereto, Buyer may, by written notice to Seller, cancel the whole or any part of this Order in the event of suspension of Seller's business, insolvency of Seller, institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, any assignment by Seller for the benefit of creditors or Buyer's good faith belief that Seller may be incapable of performing its obligations hereunder in strict compliance with the provisions hereof. These circumstances described in the preceding sentence of this Section shall be deemed defaults, which shall entitle Buyer to exercise any of its remedies described above.

32. COSTS AND ATTORNEY'S FEES.

In the event that Buyer shall engage a lawyer (with or without commencement of an action) or commence an action (including, without limitation, pursuing any appeal) against Seller arising out of facts and circumstances related to this Order (including, without limitation), Seller's breach of any of its obligations hereunder, Buyer shall be entitled to recover its reasonable attorneys' fees, costs and other disbursements incurred in connection therewith.

33. ORDER OF PRECEDENCE.

To the extent of any inconsistency between information contained within the face of this Purchase Order, these General Terms and Conditions ("General Terms"), any special conditions, or other documents referenced herein or attached hereto ("Other Documents"), the following shall prevail:

1. The Purchase Order document, including all information specifically contained therein, as signed or initialed by Buyer's Purchasing Representative shall prevail over these General Terms and Other Documents.
2. General Terms shall prevail over Other Documents.

34. ASSIGNMENT.

To the maximum extent allowed under applicable law, Seller may not assign any of its rights or delegate any of its duties under this Order without the prior written consent of Buyer. In the event of an assignment not prohibited hereunder, (a) Buyer shall be furnished with two signed copies of any assignment which is not prohibited by this clause, and (b) payment to an assignee in accordance with any such assignment shall be subject to setoff or recoupment for any present or future claim or claims by Buyer against Seller or such assignee. Buyer reserves the right to make, without notice to Seller's assignee, direct settlements and/or adjustments in price (or other terms) with Seller notwithstanding any assignment. Buyer reserves the right to make, without notice to Seller, direct settlement and/or adjustments in price (or other terms) with Seller's assignee.

35. STOP WORK ORDER.

Unless this Order is placed under a Government prime contract, in which case FAR 49.502 shall apply to and supersede this Section, the following provisions apply:

(a) Buyer may, at any time, by written direction to Seller, require Seller to stop all, or any part, of the work required under this Order. Any such direction shall be specifically identified as a Stop Work Order. Upon receipt of a Stop Work Order, Seller shall forthwith comply with its terms and take all reasonable steps to cease and minimize incurring costs allocable to the work covered by the Stop Work Order during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to Seller or within any extension thereof by Buyer, Buyer shall either:

- (1) Cancel the Stop Work Order, or
- (2) Terminate the work covered by the Stop Work Order as provided in the provisions hereof governing termination of this Purchase Order.

- (b) If the Stop Work Order issued under this Section is canceled or the period of such Stop Work Order or any extension thereof expires, Seller shall resume work. An equitable adjustment shall be made in the delivery schedule or contract price, or both, and the Purchase Order shall be modified in writing accordingly, if Seller asserts a claim for such adjustment within thirty (30) days after the end of the period of work stoppage;
- (c) If a Stop Work Order is not canceled and the work covered by such order is terminated for the convenience of Buyer, there shall be added to the amount payable by Buyer pursuant to the termination provisions hereof only the reasonable direct costs incurred by Seller in complying with the Stop Work Order.
- (d) If a Stop Work Order is not canceled and the work covered by such Order is terminated for default, there shall be added to the amount, if any, otherwise payable under the termination provision only the reasonable direct costs incurred by Seller in complying with the Stop Work Order.

36. INSPECTION / AUDIT AT SELLER'S FACILITIES.

Any authorized representative of the Buyer may perform inspections and/or audit of Seller or Seller's subcontractors facilities and processes engaged in the performance of this Order and may inspect and test the goods to be delivered under this Order to the extent practicable at all times and places, including (without limitation) the period of manufacture and prior to acceptance. If any such audit, inspection or test is made by the Buyer, Seller shall provide all reasonable facilities and assistance for the safety and convenience of the personnel involved. If this Order is placed under a Government contract, then all rights as claimed within this Section by Buyer shall extend to the Government and all agents of the Government.

37. ADVANCE NOTIFICATION OF CHANGES.

Azonix Corporation must be notified in advance of any proposed changes to the Supplier's manufacturing processes, critical process sources, equipment or facilities that may impact the quality, acceptability, and reliability or on time delivery of the product(s) provided to Azonix

This includes any proposed relocations of manufacturing or assembly facilities that include Azonix Corporation products. Any such changes have the potential to negatively impact the flow of acceptable product to Azonix Corporation or Azonix Corporations' customers and must be planned and coordinated between the two parties of this agreement prior to implementation, including submittal by Supplier and approval by Buyer of a first article incorporating such change. Failure to do so may result in 'termination with cause' of this agreement.

38. ITAR/EAR Compliance

A. Seller shall comply with applicable import and export laws and regulations of Seller's country and of the United States and with all applicable export licenses and their provisos. This contract may involve information or items which are subject to the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR) and which may not be released to "Foreign Persons" inside or outside the United States without the proper export authority.

The ITAR defines a Foreign Person as any person who is not a U.S. citizen, a lawful permanent resident as defined by 8 USC 1101(a)(20), or a protected individual as defined by 8 USC 1324b(a)(3). Foreign Person also means a corporation, business association, partnership, or any other entity that is not incorporated or organized to do business in the United States, as well as international organizations, foreign governments, and any agency or subdivision of foreign governments (e.g. diplomatic missions).

B. Foreign Personnel: Seller shall not permit access by any foreign person, to technical data, information or software that is controlled by export laws and regulations without prior written consent of buyer.

C. Technical Data Control and Legend: Seller warrants that it will control and maintain the receipt, storage and disposition of all ITAR designated technical data or information received by buyer, and will officially destroy or return all data to buyer in the United States upon fulfillment of the purchase order obligations. Seller should include the following legend in solicitations and purchase orders that contain buyer provided ITAR designated Technical data as defined by ITAR:

"WARNING: THESE DATA ARE CONTROLLED FOR EXPORT PURPOSES UNDER THE UNITED STATES INTERNATIONAL TRAFFIC IN ARMS REGULATIONS, 22 CFR PARTS 120-130. UNLESS AN ITAR LICENSE EXCEPTION IS AVAILABLE, THE EXPORT OF THESE DATA FROM THE UNITED STATES REQUIRES AN EXPORT LICENSE OR AUTHORIZATION GRANTED BY THE STATE DEPARTMENT'S DIRECTORATE OF DEFENSE TRADE CONTROLS. VIOLATORS OF THESE EXPORT LAWS ARE SUBJECT TO SEVERE CIVIL AND CRIMINAL PENALTIES.

39. SUPPLIER REQUIREMENTS

During the term of this Purchase Order, the Seller shall be in full compliance with the Azonix Supplier Manual SC-04-0244. Seller shall maintain its Quality Assurance System as approved by Buyer at the Seller became an Azonix Approved Supplier and provided a Certification of Review and Agreement to the Azonix Supplier Manual.

PART 2: ADDITIONAL TERMS AND CONDITIONS ONLY APPLICABLE TO PURCHASE ORDERS PLACED UNDER GOVERNMENT CONTRACTS OR SUBCONTRACTS.

40. FEDERAL ACQUISITION REGULATION (FAR), DOD FAR SUPPLEMENT (DFAR).

The following clauses set forth in the FAR and DFARS as in effect on the date of this Purchase Order are incorporated herein by reference. Where necessary to make the clauses applicable to this Purchase Order, "Contractor" shall mean "SELLER," Contracting Officer" shall mean "BUYER," and the "Government" shall mean "BUYER" or the "Government" whenever appearing in the clauses. If any of the following FAR or DFARS clauses do not apply to a particular Purchase Order, such clauses are considered to be self deleting.

(a) All Purchase Orders

- 52.203-3 Gratuities
- 52.203-7 Anti-kickback Procedures
- 52.203-10 Price of Fee Adjustment for Illegal or Improper Activity
- 52.204-2 Security Requirements
- 52.204-10 Reporting Executive Compensation First-tier Subcontract Awards
- 52.211-5 Material Requirements
- 52.211-15 Defense Priority and Allocation Requirements
- 52.212-3 Offeror Representations and Certifications – Commercial Items
- 52.214-27 Price Reduction for Defective Cost or Pricing Data – Modification – Sealed Bidding
- 52.215-10 Price Reduction for Defective Cost or Pricing Data
- 52.215-11 Price Reduction for Defective Cost or Pricing Data – Modification
- 52.215-15 Pension Adjustment and Asset Reversions

52.215-18 Reversions or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions

52.215-19 Notification of Ownership Changes

52.215-20 Requirements for Cost or Pricing Data Other Than Cost or Pricing Data

52.215-21 Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data – Modifications

52.215-22 Limitations on Pass-through Charges

52.215-23 and Alt. 1 Limitations on Pass-through Charges

52.219-8 Utilization of Small Business Concerns

52.222-21 Prohibition of Segregated Facilities

52.222-26 Equal Opportunity

52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans

52.222-36 Affirmative Action for Workers with Disabilities

52.222-39 Notification of Employee Rights Concerning Payments of Union Dues or Fees

52.222-41 Service Contract Act of 1965, As Amended

52.222-50 Combating Trafficking in Persons

52.222-54 Employment Eligibility Verification

52.223-7 Notice of Radioactive Materials

52.225-1 Buy American Act – Balance of Payments Program – Supplies

52.225-3 Buy American Act – North American Free Trade Agreements – Israeli Trade Act – Balance of Payments Program

52.225-5 Trade Agreements

52.225-8 Duty-free Entry

52.225-13 Restrictions on Certain Foreign Purchases

52.225-15 Sanctioned European Union Country End Products

52.227-1 Authorization and Consent

52.227-9 Refund of Royalties

52.227-10 Filing of Patent Applications - Classified Subject Matter

52.227-11 Patent Rights – Retention by the Contractor (Short Form, if SELLER is a Small Business)

52.227-12 Patent Rights – Retention by the Contractor (Long Form, if SELLER is a Large Business)

52.227-14 Rights in Data - General

52.229-3 Federal, State, and Local Taxes

52.233-3 Protest After Award

52.242-13 Bankruptcy

52.242-15 Stop-work Order

52.243-1 Changes

52.244-6 and Alt. 1 Subcontracts for Commercial Items

52.245-2 Government Property (Fixed Price Contracts)

52.245-17 Special Tooling

52.245-18 Special Test Equipment

52.246-2 Inspection of Supplies – Fixed Price
52.249-2 Termination for Convenience of the Government
52.249-8 Default

TERMS AND CONDITIONS – Fixed Price Under U.S. Government Contract

52.246-16 Responsibility For Supplies
52.247-63 Preference for U.S. Flag Air Carriers
52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels
252.204-7000 Disclosure of Information
252.222-7000 Restrictions On Employment of Personnel
252.223-7006 Prohibition on Storage and Disposal of Toxic and Hazardous Materials
252.225-7001 Buy American Act and Balance of Payments Program
252.225-708 Restriction on Acquisition of Specialty Metals
252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals
252.225-7010 Commercial Derivative Compliance Certificate – Military Article – Specialty Metals
252.225-7013 Duty-Free Entry
252.225-7014 (Deviation 2008-O0002) Preference for Domestic Specialty Metals – with Alternate 1 (Deviation 2008-O0002)
252.225-7021 Trade Agreements
252.225-7025 Restrictions on Acquisition of Forgings
252.225-7028 Exclusionary Policies and Practices of Foreign Governments
252.225-7030 Restriction on Acquisition of Carbon Alloy and Armor Steel Plate
252.225-7036 Buy American Act – North American Free Trade Agreement Implementation Act – Balance of Payments Program
252.227-7013 Rights in Technical Data - Noncommercial Items
252.227-7014 Rights in Noncommercial Computer Software and Documentation
252.227-7015 Technical Data - Commercial Items
252.227-7016 Rights in Bid or Proposal Information
252.227-7019 Validation of Asserted Restrictions - Computer Software
252.227-7025 Limitations of the Use or Disclosure of Government- Furnished Information Marked with Restrictive Legends
252.227-7030 Technical Data - Withholding of Payment
252.227-7037 Validation of Restrictive Markings of Technical Data
252.227-7036 Declaration of Technical Data Conformity
252.228-7001 Ground and Flight Risk
252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles and Space Launch Vehicles
252.244-7000 Subcontracts for Commercial Items and Commercial Components
252.246-7001 Warranty of Data with Alternate 1
252.246-7003 Notification of Potential Safety Issues
252.247-7024 Notification of Transportation of Supplies by Sea

(b) All Purchase Orders of \$10,000 or Above

- 52.222-20 Walsh-Healey Public Contracts Act
- 52.222-35 Affirmative Action for Disabled and Vietnam Era Veterans
- 52.222-36 Affirmative Action for Workers With Disabilities
- 52.222-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era
- 52.222-40 Notification of Employee Rights Under the National Labor Relations Act

(c) All Purchase Orders of \$30,000 or Above

- 52.209-6 Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment

(d) All Purchase Orders of \$100,000 or Above

- 52.203-6 Restrictions On Subcontractor Sales to the Government
- 52.203-7 Anti-Kickback Procedures
- 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
- 52.203-12 Limitation on Payment to Influence Certain Federal Transactions
- 52.215-2 Audit and Records – Negotiation
- 52.215-14 Integrity of Unit Prices
- 52.222-4 Contract Work Hours and Safety Standards Act Overtime Compensation
- 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and other Eligible Veterans
- 52.223-13 Certification of Toxic Chemical Release Reporting
- 52.223-14 Toxic Chemical Release Reporting
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
- 52.232-32 Performance Based Payments (If SELLER is a Small Business)
- 52.248-1 Value Engineering
- 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies
- 252.247-7023 Transportation of Supplies by Sea
- 252.249-7002 Notification of Anticipated Contract Termination or Reduction

(e) All Purchase Orders of \$650,000 or Above

- 52.219-9 Small Business Subcontracting Plan
- 252.219-7003 Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan (DOD Contracts)
- 52.230-2 Cost Accounting Standards
- 52.230-3 Disclosure and Consistency of Cost Accounting Practices
- 52.230-6 Administration of Cost Accounting Standards

(f) All Purchase Orders of \$700,000 or Above

52.214-26 Audit and Records – Sealed Bidding

52.214-28 Subcontract Cost or Pricing Data – Modifications – Sealed Bidding

52.215-12 Subcontract Cost or Pricing Data

52.215-13 Subcontract Cost or Pricing Data

52.215-23 Limitation on Pass-Through Charges

252.215-7003 Excessive Pass-Through Charges

252.215-7004 & Alt. 1 Excessive Pass-Through Charges

(g) All Purchase Orders of \$1 Million or Above

252.211-7000 Acquisition Streamlining

(h) All Purchase Orders of \$2 Million or Above

52.232-32 Performance Based Payments (If SELLER is a Large Business)

40. GRATUITIES/KICKBACKS By accepting this Purchase Order, SELLER certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41USC 51-58), both of which are incorporated herein by specific reference, except that paragraph (c) (1) of FAR 52.203-7 shall not apply.

41. PRIORITY RATING If so identified, this Purchase Order is a “rated order” certified for national defense use, and the SELLER shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700)

