

1. **ACCEPTANCE:** The terms and conditions on the face of this purchase order, and those listed herein, in that order, become the exclusive binding agreement between the parties covering the purchase of the products or services ordered herein when this order is accepted by acknowledgment and/or commencement of performance. THIS ORDER CAN BE ACCEPTED ONLY ON THESE TERMS AND CONDITIONS, ADDITIONAL OR DIFFERENT TERMS PROPOSED BY SELLER BY ACKNOWLEDGMENT HEREOF WILL NOT BE APPLICABLE UNLESS ACCEPTED IN WRITING BY BUYER ACCEPTANCE OF THE PRODUCTS OR SERVICES DELIVERED UNDER THIS ORDER SHALL NOT CONSTITUTE ACCEPTANCE OF SELLER'S TERMS AND CONDITIONS. No change, modification or revision of this order shall be effective unless in writing and signed by Buyer's duly authorized purchasing representative, or company officer.
2. **PRICES:** Seller warrants that the prices to be charged for products or services identified on the face hereof are not in excess of prices charged to other customers for similar quantities and delivery requirements. In the event of any price reductions during the effective period covered by this order which apply to similar products or services, such price reduction shall automatically reduce the unit price of the unshipped products or services not yet rendered by a comparable percentage, at the time of the price reduction.
3. **INVOICES:** No invoices will be passed for payment unless it contains the following certification, "The supplier herein represents that the products and/or services covered hereby were produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended." Payment of invoice shall not constitute acceptance of products and shall be subject to adjustment., for errors, shortages, defects in the products or other failure of Seller to meet the requirements of the order. Buyer may at any time set off any amount owed by Buyer to Seller against any amount owed by Seller or any of its affiliated companies to Buyer.
4. **TAXES AND CHARGES:** All such taxes and charges shall be stated separately on Seller's invoice.
5. **OVERSHIPMENTS:** Buyer will pay only for maximum quantities ordered. Overshipments will be held at Seller's risk and expense for a reasonable time awaiting shipment instruction, Return shipping charges for excess quantities will be at Seller's expense.
6. **PACKING AND SHIPMENT:** Unless otherwise specified, when the price of this order is based on the weight of the ordered products, such price is to cover net weight of products ordered only and no charge will be allowed for boxing, crating, carting, drayage, storage or other packing requirements or any allowance for damage in connection with the foregoing. Unless otherwise specified all products shall be packaged, marked and otherwise prepared for shipment in a manner which is (i) in accordance with good commercial practice, (ii) acceptable to the common carriers for shipment at the lowest rate for the particular products and in accordance with ICC regulations and (iii) adequate to insure safe arrival of the products at the named destination and for storage and protection against weather. Seller shall mark all containers with necessary lifting handling and shipping information and also purchase order numbers, date of shipment and the names of the consignee and consignor. An itemized packaging sheet must accompany each shipment unless otherwise specified.
7. **F.O.B. POINT:** Unless otherwise specifically provided on the face of this order, the products called for hereunder shall be delivered on an F.O.B. destination basis to the Buyer's designated plant or plants.
8. **WARRANTY:** (a) Seller warrants that all products delivered hereunder, including all components thereof, shall be free from defects in workmanship, materials and manufacture shall comply with the requirements of this order, including compliance with any drawings or specifications incorporated herein or to any samples furnished by Seller, and where design is Seller's responsibility, be free from defects in design. Seller further warrants all products purchased hereunder shall be of merchantable quality and shall be fit and suitable for the purposes intended by Buyer. The foregoing warranties are in addition to all other warranties, whether expressed or implied and shall survive any delivery, inspection, acceptance or payment by Buyer and shall run to Buyer, its successor, assigns, customers and users of its products.
(b) If any products delivered hereunder do not meet the warranties specified herein or otherwise applicable, Buyer, may at its election (i) require the Seller to promptly correct, at no cost to Buyer, any defective or nonconforming products by repair or replacement at the location as specified by Buyer, or (ii) return such defective or non-conforming products at Seller's expense to the Seller, and recover from the Seller the order price thereof. The foregoing remedies are in addition to all other remedies at law or in equity or under this order, for damages or otherwise and shall not be deemed to be exclusive.
(c) Buyer's approval of the Seller's product or design shall not relieve Seller of the warranties set forth in this clause. The provisions of this clause shall not limit or affect the rights of Buyer under the clause hereof entitled "Inspection".
9. **INSPECTION:** (a) All products purchased hereunder shall be subject to inspection and test by Buyer to the extent practicable at all times and places during and after the period of manufacture and, in any event, prior to final acceptance. If inspection or test is made by Buyer on Seller's premises, Seller, without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of Buyer's inspectors. No inspection or test made prior to final acceptance shall relieve the Seller from responsibility for defects or other failure, to meet the requirements of this order.
(b) In case any product is defective to material or workmanship, or otherwise not in conformity with the requirements of this order, Buyer shall have the right wether to reject it, require its correction, or conditionally accept it. Buyer reserves the right to return such conditionally accepted products for credit, within a reasonable period of time after receipt in the event that Buyer determines that such products are unsuitable for its purpose. Any product which has been rejected or required to be corrected shall be replaced or corrected by and at the expense of the Seller promptly after notice. If, after being requested by Buyer, the Seller fails to promptly replace or correct any defective product within the delivery schedule, Buyer may (i) at its option, by contract or otherwise replace or correct such product, and charge to the Seller the cost occasioned thereby, or (ii) may, without further notice, terminate this order for default in accordance with the clause herein entitled "Termination for Default" or (iii) may utilize the defective product and require an appropriate reduction in price.
(c) Notwithstanding any prior inspections or payments hereunder, all products shall also be subject to final inspection and acceptance at Buyer's plant within a reasonable time after delivery. The Seller shall provide and maintain in inspection system which is acceptable to Buyer. Records of all inspection work shall be kept complete and available to Buyer during the performance of this order and for such further period as the Buyer may determine.
(d) Buyer may accept or reject shipments in accordance with its established inspection procedures. Where rejection of a shipment is appropriately based on Buyer's normal inspection level, and where such rejection endangers Buyer's production schedules by reason of the fact that at least some of the products are necessary to meet such production schedules then Buyer at its option may charge Seller for the reasonable costs of an above normal level of inspection up to and including 100% inspection of such shipment.
(e) Buyer may revoke acceptance upon notice given to Seller within thirty (30) days after Buyer has discovered the grounds therefor.
10. **CHARGES:** The Buyer may at any time, by a written order, and without order, and without notice to sureties or assignees, suspend performance hereunder, increase or decrease the order quantities, or make changes in any one or more of the following:
(a) applicable drawings, designs or specifications;
(b) method of shipment or packing, and/or
(c) place of delivery

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 order, price or delivery schedule, or both, and the order shall be notified in writing accordingly. No claim by the Seller for adjustment hereunder shall be valid unless asserted in writing accompanied by an estimate of costs, within twenty (20) days from the date of receipt by the Seller of the notification of change. Failure of the Seller to assert a claim within twenty (20) days, as provided above, shall constitute an unconditional and absolute waiver by the Seller of any right to make a claim for adjustment. However, nothing in this clause shall excuse the Seller from proceeding with the order as changed or amended. Buyer reserves the right to verify claims hereunder and Seller shall make available to Buyer, upon its request, all relevant books, records, inventories and facilities for its inspection and audit.

11. **TERMINATION FOR DEFAULT:** (a) It is understood and agreed that time is of the essence under this order or any extension thereof effected by an change order. Buyer may, by written notice, terminate this order in whole or in part if the Seller fails (i) to make delivery of the products or to perform the services within the time specified herein, or (ii) to replace or correct defective products in accordance with the provisions of those clauses hereof entitled "Warranty" and "Inspection" or (iii) to perform any of the other provisions of this order or to so fail to make progress as to endanger performance in accordance with the terms hereof, including delivery schedule, or (iv) if Seller becomes insolvent, admits in writing its inability to pay its debts as they mature, files a voluntary petition to bankruptcy, makes an assignment for the benefit of creditors or if a petition under any bankruptcy laws is filed against it. (v) If Seller fails to respond with an unqualified assurance within five (5) days of a demand for assurance by Buyer.
(b) In the event of termination pursuant to this clause, Buyer may procure upon such terms and in such manner as Buyer may deem appropriate, products or services similar or substantially similar to those so terminated and Seller shall be liable to Buyer for any excess costs occasioned Buyer thereby; provided that in the event Buyer elects to terminate only a portion of this order, then in such event Seller shall continue the performance of this order to the extent not terminated.
(c) If this order is terminated pursuant to paragraph (a), Buyer in addition to any other rights provided herein, may require the Seller to transfer title and deliver to Buyer, in the manner, time 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, information, and contract rights as the Seller has produced or acquired for the performance of the terminated part, and (iii) Seller shall grant Buyer a royalty free, assignable, non-exclusive license to use and license others to use, Seller's designs, processes, drawings, and technical data, substantially relating to the quantity of the products terminated hereunder. Seller shall upon direction of Buyer, protect and preserve property as encompassed in this paragraph in the possession of Seller. Payment for completed products delivered to and accepted by Buyer shall be in an amount agreed upon by the Seller and Buyer, however, such amount shall not exceed the order price per unit and Seller's obligation hereunder to carry out Buyer's direction as to delivery protection and preservation shall not be contingent upon prior agreement as to such amount.
(d) If Buyer issues a notice of termination for default, and it is subsequently determined that Buyer's termination under this clause is inappropriate, the termination shall be deemed by Buyer and Seller to have been originally issued under Clause 12 (Termination for Convenience) and the rights and liabilities of the parties hereto shall, in such event, be governed by such clause.
(e) Failure to Buyer to enforce any right under this clause shall not be deemed a waiver of any other right hereunder. The rights and remedies of Buyer under this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this order.
(f) Seller, however, shall not be in default by reason of any delay in delivery hereunder, if such delay arises out of cause beyond the control and without the fault or negligence of Seller an such delay or any non-delivery is covered by Section 2-615(e) of the Uniform Commercial Code in the event of an excused delay, Buyer has the option of extending the time of performance. To the extent the uncompleted portion of this order is not terminated, Seller shall allocate the products covered by this order in quantities no less than the ratio that this order bears to the total orders of Seller for the same or similar products at the time, of the excusable delay. Seller will reasonably notify Buyer of any delay and the estimated quantity of products available for Buyer.
12. **TERMINATION FOR CONVENIENCE:** (a) Buyer may terminate work under this purchase order, in whole or in part, at any time, by the giving of written notice to Seller specifying the extent to which performance of work is terminated, and the time at which such termination becomes effective.
(b) After receipt of such notice and except as otherwise directed by Buyer, the Seller shall stop work under this order to the extent specified in the notice of termination.
(c) Within thirty (30) days after receipt of the notice of termination, the Seller shall submit to Buyer its written termination claim. Failure of the Seller to submit a termination claim as provided herein shall constitute an unconditional and absolute waiver by the Seller of any claim arising from the Buyer's notice of termination.
(d) Seller shall reasonably assess costs for raw materials, work in process and subassemblies as may be included within its termination claim to determine whether or not such items may be used by Seller for the manufacture of associated products or diverted for any other purpose and to correspondingly reduce its termination claim by the value of such items. When settlement has been made, title to any of such items determined not usable by Seller and Charged to Buyer in the termination claim shall vest in Buyer upon payment of the claim and shall forthwith be delivered to Buyer at Buyer's expense, under Buyer's shipping instructions.
(e) Seller's termination claim shall consist solely of the following:
(1) Completed products accepted by Buyer and not theretofore paid for - the sum determined by multiplying the number of such products by the unit price therefor as specified in this order, and.
(2) The total of (i) the cost of work in process not to exceed the average unit cost multiplied by the number of units in process, provided, however, that such number of units in process shall not exceed that amount which has been previously placed on firm release by Buyer. Such amounts shall not include any costs attributable to Seller's products paid to be paid under subparagraph (e)(1) above, and (ii) a sum, as profit on paragraph (e)(2)(i) at rate not to exceed the rate used in establishing the original purchase price provided, however, if it appears that Seller would have sustained a loss on the entire purchase order had it been completed, no profit shall be included or allowed, and an appropriate adjustment shall be made reducing the amount of settlement to reflect the indicated rate of loss. The total sum to be paid to the Seller under subparagraph (e)(1) and (2) above, shall not exceed the total order price reduced by the amount of payments otherwise made and as further reduced by the price of work not terminated under this order.
(f) In no event shall Seller be entitled to incidental or consequential damages, costs of preparing claims, attorney's fees, cost of tooling or equipment sales or agents commissions on the terminated quantity.
(g) Buyer reserves the right to verify claims hereunder and Seller shall make available to Buyer upon its request, all relevant books, records, inventories and facilities for its inspection and audit. In the event Seller fails to reasonably afford Buyer its rights hereunder, then Seller shall be deemed to have relinquished its claim asserted under the provisions of this clause.
13. **RISK OF LOSS:** Notwithstanding any prior inspections and irrespective of the F.O.B. point named herein, the Seller shall bear all risk of loss, damage, or destruction on the products called for hereunder until final acceptance by Buyer at destination. Further, the Seller shall also bear the same risks with respect to any products rejected by Buyer, provided, however, that in either case the Buyer shall be responsible for any loss occasioned by the gross negligence of its employees acting within the scope of their employment.
14. **WAIVER:** The failure of Buyer to enforce at any time any of the provisions of this order, or to exercise any election or option provided herein, or to require at any time performance by the Seller of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this agreement or any part thereof, or the right of Buyer thereafter to enforce each and every such provision.
15. **PATENTS, ROYALTIES AND ENCUMBRANCES:** All products supplied must be free from claims of others with respect to royalties, patent rights and mechanics' liens or other encumbrances or charges. Seller agrees to indemnify and hold harmless the Buyer against all claims, demands, costs and actions for actual or alleged infringements of patent rights in the use, sale or resale of said products.
16. **BUYER'S PROTECTION IN CONNECTION WITH WORK DONE AT THIS PLANT:** The Seller shall take such steps as may be reasonably necessary to prevent personal injury or property damage during any work hereunder that may be performed by any employees, agents or subcontractors of the Seller at the Buyer's plant, and the Seller shall indemnify and hold harmless the Buyer from and against all loss, liability, and damages arising from or caused directly or indirectly by any act or omission of such agents, employees, or subcontractors of the Seller, and Seller shall maintain such insurance against public liability and property damages, and such Employee's liability and Compensation Insurance as will protect the Buyer against the aforementioned risks and against any claims under any Workman's Compensation and Occupational Disease Acts.
17. **COMPLIANCE WITH LAWS:** The Seller warrants that no law, rule or ordinance of the United States, a State or any other governmental agency has been violated in the manufacture or sale of the products or in the performance of services covered by this order, and will defend and hold Buyer harmless from loss, cost or damage as a result of any such actual or alleged violation. Upon written request by Buyer, Seller agrees to execute and furnish a certification of compliance, which may be on Buyer's form and which shall certify compliance with any application Federal, State and or Local Laws or Regulations, including but not limited to FLSA, EEOC, OSHA, and any Economic Control Statutes or Regulations.
18. **NON-DISCLOSURE OF CONFIDENTIAL MATTER AND PUBLICITY:** Products purchased pursuant to Buyer's specifications or drawings shall be held in the strictest of confidence in the absence of the Buyer's prior written authorization. Such specifications, drawings, samples or other data furnished by the Buyer shall be treated as confidential information by the Seller, shall remain Buyer's property and shall be promptly returned to Buyer upon request. Any publicity regarding this order (pictures, descriptions, notice of award or samples thereof) is prohibited except with Buyer's approval.
19. **ASSIGNMENTS AND SUBCONTRACTS:** No right or obligation under this order (including the right to receive monies due hereunder) shall be assigned or delegated by Seller and Seller shall not enter into any substantial or critical subcontracts without the prior written consent of Buyer. Any purported assignment, without such consent shall be null and void and the Buyer shall not be obligated to recognize any claim from Seller resulting from a subcontract, not previously consented to by Buyer.
20. **BUYER-FURNISHED PROPERTY:** All tools or other materials furnished by the Buyer for the use in the performance of this order shall remain the property of the Buyer (or of the Government, as the case may be), shall be used by the Seller in the performance of this order only, in accordance with the requirements of the order relating to such use, and shall be returned to the Buyer when requested upon completion or termination of the order to the extent not previously delivered to the Buyer. Seller agrees to exercise reasonable care in the safeguarding and exercise reasonable care in the safeguard and preservation of all Buyer-furnished property and assumes all responsibility for loss, damage or destruction while such property is within its possession or control.
21. **PATENT LICENSE:** The Seller, as part consideration for this purchase order and without further cost to the Buyer, hereby grants and agrees to grant to the Buyer and to the extent requested by the Buyer, to the Government, an irrevocable, non-exclusive, royalty-free right and license to use, sell, manufacture and cause to be manufactured, products embodying and all inventions and discoveries made, conceived or actually reduced to practice in connection with the performance of this purchase order.
22. **SPECIAL TOOLS:** If special tooling used in the performance of this order have been charged to this order, or other orders placed by Buyer, title to such special tooling shall vest in the Buyer at the option of the Buyer in writing. Such tooling is to be used only in the performance of such Purchase Orders unless otherwise approved by the Buyer. The Seller agrees that it will follow normal industrial practice in the identification and maintenance of the property control records on all such tooling, and will make such records available for inspection by the Buyer or the Government as all reasonable times. After the termination or completion of such order(s) and upon the request of the Buyer, the Seller shall furnish a list of such tooling in the form requested and shall make such tooling available for disposition by the Buyer.
23. **GOVERNMENT CONTRACTS:** If this order is issued for any purpose which is either directly or indirectly connected with the performance of a prime contract with the Government or a subcontract thereunder each of the named clauses, as set forth in the Armed Services Procurement regulation if effect on the date of this order, is incorporated herein by reference if such clause is in said prime contract or subcontract, the clause to be incorporated herein applying to Seller as through Seller were a prime contractor, and in such a manner as will enable Buyer to meet its obligations arising out of the Government prime or subcontract.
24. **CHANGES IN PROCESS OR METHOD OF MANUFACTURING:** Seller agrees that it will not invoke any price charges in process or method of manufacturing during the term of this order without Buyer's written consent. Seller further agrees that any contemplated changes in process or method of manufacturing will be submitted to Buyer in sufficient time to enable Buyer a reasonable opportunity in which to evaluate such changes.
25. **COUNTRY OF ORIGIN:** Seller warrants that the products and each of them, specified by this purchase order, are of U.S. origin, unless on or before the time it supplies in the products. Seller notifies Buyer's customs department in writing to the contrary. In the event the products delivered hereunder are of foreign origin, and Seller fails to so notify Buyer, or notifies Buyer erroneously, Seller to indemnify Buyer for all expenses arising from said failure or error including but not limited to damages, penalties, tariffs, imposts, surcharges, and legal fees incurred by Buyer as a result thereof.
26. **APPLICABLE LAW:** This order shall be governed by, subject to and construed in accordance with the laws of the State of California. This order shall not be modified, supplemented, qualified or interpreted by any trade usage or prior course of dealing not made a part of the order by its express terms.
27. **EQUAL EMPLOYMENT OPPORTUNITY:** Seller will use its best efforts to comply with all applicable equal employment laws and regulations, including Executive Order No. 11246, Rehabilitation Act of 1973 as amended, and Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974. Seller agrees not to discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin, and will not illegally discriminate on the basis of physical or mental handicap, veteran status, or any other protected class.
28. **NOTICES:** Any notice required or permitted to be given under this purchase order may be given by personal delivery or facsimile, in which case the date of notice shall be deemed to be the third day following mailing of the notice.
29. **ENTIRE AGREEMENT:** This purchase order and any exhibits hereto contains the entire agreement between Buyer and Seller with respect to the matters covered hereby and supersedes all prior arrangements or understandings, oral or written, with respect thereto.
30. **JURISDICTION AND VENUE:** Seller consents to personal jurisdiction of the courts of California and agrees that any litigation which Seller may bring against Buyer shall be brought exclusively in a appropriate court in Orange County, California.