

1. ACCEPTANCE. This Purchase Order ("Order") constitutes an offer by Buyer, which is accepted by Seller solely in accordance with the terms set forth herein and on the face of the Order. This order will be deemed accepted upon commencement of performance by Seller unless otherwise noted in writing. These terms and conditions constitute the entire agreement between the parties and no change, amendment or modification of this order shall be binding unless or until said amendment is executed in writing and signed by Buyer or an authorized representative of Buyer's procurement or purchasing office. Authorized Buying agents are Buyer(s), Senior Buyer(s), Purchasing Agent(s), Purchasing Manager and Director of Purchasing.
2. INSPECTION, QUALITY ASSURANCE. All products and services shall be subject to inspection and test at all times and places, including the period of manufacture, by Buyer and its Customers. Ontic Supplier Quality Assurance Requirements (SQAR) are herein incorporated as a condition of Order.
3. CHANGES. Buyer may at any time, by a written order, make changes within the general scope of this Order in any one or more of the following: (I) drawings, designs, or specifications; (ii) method of shipping or packing; (iii) time of delivery; (iv) and quantity. If any such changes cause an increase or decrease in the cost or the time required for the performance of this Order, an equitable adjustment shall be made in the price, delivery, or both and this Order shall be modified in writing accordingly (Amended Order will follow).
4. DELIVERY. Buyer reserves the right to refuse shipments made in advance of the schedule set forth in this Order, to return advance shipments at Sellers expense, or accept early shipments with the Seller accepting adverse performance rating accordingly, without prior consent from Buyer.
5. APPLICABLE LAW AND DISPUTES. Any dispute arising under or related to this Order shall be governed by the law of the state of California.
6. COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS. Seller has complied with and shall comply with all applicable Federal, State and Local laws and ordinances and all Orders, rules and regulations thereunder. Seller shall save and hold Buyer harmless from and reimburse Buyer for any and all costs, damages and expenses suffered or occasioned to it through any failure of Seller to comply with any laws, orders, rules, regulations and ordinances.
7. CONDITIONS APPLICABLE TO ORDERS PLACED UNDER UNITED STATES GOVERNMENT CONTRACTS are subject to all applicable FAR and DFAR clauses. In the context of FAR or DFAR clauses "Contracting Officer" and "Government" mean Buyer and "Contractor" means Seller.
8. WARRANTY. Seller warrants the goods and materials furnished under this Order are in compliance with all specifications in workmanship and material.
9. TERMINATION. Purchaser may terminate in part or in whole, work under this Order in accordance with the applicable provisions of FAR 52.249.
10. REJECTIONS. If any of the materials furnished under the Order are found to be defective in material, workmanship, or otherwise not in conformity with the requirements of the Order, Buyer, in addition to any other rights which it may have under warranties or otherwise, may reject and return such goods not to be replaced without authorization by Seller.
11. STOP WORK. Buyer may at any time, by written order to Seller, require Seller to stop all or any portion of the work called for by this Order in accordance with FAR 52.242-15.
12. DESIGNS, DRAWINGS AND DATA. With respect to items for which any technical information, written, oral or otherwise, (i) has been supplied to Seller by or on behalf of Buyer; or (ii) Seller has designed at

Buyers expense; or (iii) Seller has designed specifically to meet Buyer-furnished technical requirements (hereinafter designated as "Information"). Seller, in consideration of Buyer's furnishing of such Information and/or design funding, agrees that it will not use or assist others in using such Information to develop (including obtaining a Parts Manufacturing Approval (PMA) from the Federal Aviation Administration (FAA) pursuant to Part 21.303 of the Federal Aviation Regulations (FAR) or sell such items, or parts thereof) to anyone other than Buyer, either as production, spare or repaired items, without Buyer's prior written consent, except wherein the U.S. Government can override this Article. Nothing herein shall be construed as restricting the U.S. Government's use of information that the U.S. Government owns or is authorized to use by Buyer. (iv) Drawings, specifications and data sent to the Seller by the Buyer are for the purposes of quoting, providing services, manufactured parts and components. Drawings, specifications and data are considered confidential and proprietary information that should not be copied or distributed for any purpose other than to support Ontic Engineering and Manufacturing, Inc. and that such data should be destroyed or returned to the Buyer upon responding to the Request for Quote and or completion of the Purchase Order.

13. **PATENT INFRINGEMENT.** The Seller agrees to defend, at its own expense, any suit or legal proceedings brought against the Buyer as a result of the normal use of any material or equipment furnished hereunder. In the event that the Buyer has given the Seller prompt notice of such claim, the Seller hereby agrees to reimburse the Buyer for expenses and costs resulting from that claim and to pay judgment that may be rendered against the Buyer. This clause shall not apply to material or equipment furnished according to Buyer's written specifications.
14. **INDEMNIFICATION AND INSURANCE.** Seller shall indemnify and hold harmless Buyer, its Directors, Officers, Employees, Agents and Invitees from and against all liability demands, claims, losses, costs, damages and expenses, including but not limited to attorney's fees, by reason or on account of property damage, death and personal injury of whatsoever nature or kind arising out of, as a result of, or in connection with the performance of this Order that is occasioned by the actions or omissions of Sellers or its subcontractors or suppliers of any tier. Seller shall maintain such public liability and property damage insurance as will protect Buyer from any such risks in an amount not less than \$5,000,000 (million) combined single limit coverage.
15. **EXECUTIVE ORDER (EO 13224).** Supplier will adhere to the directions provided in Executive Order (EO) 13224, **Executive Order on Terrorist Financing - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism**, effective 09/24/2001 and any subsequent changes made to it. To view the contents of the EO, please access the following website: <http://www.whitehouse.gov/news/orders/>
16. **EXPORT CONTROL.**
- A. This Purchase Order / Agreement is associated with items, data and/or services controlled by U.S. export control laws or regulations.
 - B. Only U.S. citizens and permanent resident aliens (green card holders) may have access to said items, data and/or services without the authority of a U.S. Government export license, agreement or applicable exemption or exception.
 - C. SELLER agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2799, including the International Traffic in Arms Regulation (ITAR), 22 CFR 120-130; and the Export Administration Act, 50 U.S.C. app. 2401-2420, including the Export Administration Regulations, 15 CFR 730-774; including the requirement for obtaining an export license or agreement, if applicable. Without limiting the foregoing, SELLER agrees that it will not transfer an export controlled item, data, or service, to include transfer to foreign persons employed by or associated with, or under contract to SELLER or SELLER's lower-tier suppliers, without the authority of a U.S. Government export license, agreement or applicable exemption or exception.

- D. SELLER shall immediately notify the Ontic Procurement Representative if SELLER is, or becomes, listed in any Denied Parties List or if SELLER's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.
- E. If SELLER is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, SELLER represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and that it maintains an effective export/import compliance program in accordance with the ITAR.
- F. Where SELLER is a signatory under an Ontic export license or export agreement, (e.g. TAA, MLA), SELLER shall provide prompt notification to the Ontic Procurement Representative in the event of changed circumstances including, but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U.S. Government investigation that could affect the SELLER's performance under this contract.
- G. SELLER shall be responsible for all losses, costs, claims, cause of actions, damages, liabilities and expense, including attorney's fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

17. GOVERNMENT CONTRACTS: The express language of this term is applicable to all US Government orders, rated or non-rated:

This order is subject to a US Government order and the supplier (Seller) shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK