

**OCTAL PURCHASE ORDER IS SUBJECT TO THE FOLLOWING CONDITIONS:**

1. **TAXES** - Except as may be otherwise provided in this order, the contract prices include all applicable Federal, State and Local taxes and duties in effect on the date hereof.
2. **PACKING AND SHIPPING** - All articles are to be suitably packed or otherwise be prepared for shipment so as to secure the lowest transportation and insurance rates and to meet carrier's requirements or those of the Buyer. Claims in connection with shipping and packing shall be the responsibility of Seller. Unless otherwise stated on the face hereof. Buyer shall not be responsible for cost of drayage, boxing or packing. On shipment made F.O.B. shipping point. Seller shall prepay freight and enclose receipted freight bill in support of invoice for freight.
3. **SPECIFICATION** - All articles as to which U.S. Government specifications are applicable must comply with such specifications current as of the date of this order unless otherwise specified by Buyer.
4. **WARRANTIES** - Seller expressly warrants that all articles ordered hereunder will at the time of delivery be free from any defects in material or workmanship, will conform to the requirements of this order including any applicable specifications, will be merchantable and, if not ordered to specification, will be fit and sufficient for the purpose intended. The warranties set forth in this paragraph shall survive any inspection, delivery, acceptance or payment by Buyer. All warranties hereunder shall also be construed as conditions.
5. **PROCESS \ PRODUCTION REQUIREMENTS:**
  1. Buyer reserves the right to final approval of product, procedures, processes and equipment. All special processes required by this purchase order must be performed by qualified personnel. Buyer reserves the right to review and approve the Seller's Quality Management System.
  2. Seller shall maintain the proper identification and revision status of specifications, drawings, process requirements, inspection\verification and subsequent records.
  3. Buyer reserves the right to approve or specify any designs, tests, and inspection plans, verifications, acceptance and any applicable critical items including key characteristics.
  4. Buyer shall have the right of access by the Buyer and organization, as well as its customer and end user of product and regulatory authorities, to the applicable areas of the facilities at any and all levels of the supply chain, involved in the order and to the applicable records.
  5. The seller is required to: (1) notify the buyer of nonconforming product and prevent the use on counterfeit parts; (2) Obtain Buyer approval for nonconforming product for disposition prior to shipment; (3) Notify buyer of changes in product and/or processes, changes of suppliers, and changes of the manufacturing facility locations; (4) Flow to the supply chain the applicable requirements including but not limited to the Buyer requirements; (5) Supply Buyer with product that has a remaining shelf life of at least 75% of original shelf life as of date of shipment; (6) Retain all records associated with the purchase order for 7 years unless otherwise specified on the purchase order and dispose of such records securely.
6. **INSPECTION** - Unless otherwise specified, all articles ordered are subject to final inspection and acceptance at the plant of Buyer by either or both Buyer's inspectors and Government inspectors. Inspection will be made within a reasonable time after delivery. Rejected articles may, as Buyer shall determine, either be (a) held by at Seller's risk pending Seller's instructions. (b) returned to Seller for credit, or (c) returned to Seller for replacement or correction as directed by Buyer, at Seller's expense. Seller shall assume and pay for all transportation and handling charges in respect to the return of any rejected article and, if applicable, its redelivery to Buyer. All articles returned shall be returned for credit unless Buyer otherwise specifies. Under no circumstances shall Buyer, by making payment for any article prior to inspection and approval thereof, be deemed to have accepted same.
7. **DESIGNS, TOOLS, MATERIALS, ETC -**
  1. Any design, tool, pattern, die, jig, fixture machinery or equipment and any other article heretofore or hereafter furnished to Seller by Buyer in connection with this order shall remain the property to Buyer and at Buyer's request on completion of this order shall be returned to Buyer in its original condition reasonable wear and tear expected.

2. Tools, dies, jigs, fixtures and testing equipment, the cost of which has been included by Seller as a part of the overall contract price or for which Buyer is to pay Seller as a separate items as set forth in this order, shall, upon payment by Buyer of such contract price or acceptance of such separate item, as the case may be, become the property of Buyer of Buyer and at Buyer's request or on completion of this order shall be delivered to Buyer in its original condition reasonable wear and tear caused by authorized use, if any, expected.
  3. Item of Buyer's property referred to in (a) and (b) above shall be kept in good condition by Seller, shall not be used in the manufacture of any article for other than Buyer and shall be marked by Seller as directed by Buyer. Unless otherwise stated in this order Buyer shall have no obligation to furnish or pay for tools, dies, jigs, fixtures or equipment of any kind required for Seller's performance of this order.
  4. Seller assumes complete liability for property of Buyer supplied to Seller hereunder or acquired by Seller as set forth in paragraph (b) above.
  5. Buyer assumes liability for dimensionally defective material, if supplied by Buyer at no charge to Seller, or in the event of the appointment.
8. **INDEMNITY** - Seller agrees to indemnify Buyer its successors and assigns, and customers their officers, agents and employees, respectively against liability, including costs and expenses, for or by reason of any actual or alleged infringement of any letters patent arising out of the manufacture, sale or delivery of supplies or out of the construction, alteration, modification or repair of real property under this Purchase Order, or out of use or disposal by or for the account of Buyer and its customers of such supplies or construction work. Buyer shall notify Seller as soon as practicable, of any suit or action alleging such infringement. The above indemnity shall apply only to supplies or components thereof a type which are, or have been, sold or offered for sale to the public in the commercial open market, or which are the same as such supplies or components with relatively minor modifications thereof.
9. **LICENSES** - Seller agrees to and does hereby grant to Buyer, without the payment by Buyer of royalties or other consideration, the right to produce, use and disclose for any purpose, all or any part of the part of the reports, drawings, blueprints, data and technical information delivered or specified to be delivered by Seller or Buyer, and it is expressly understood and agreed that Buyer is hereby granted the right to utilize such reports, blueprints, data and technical information for any purpose whatsoever which Buyer may desire, including the right to manufacture, use or reproduce and/or cause to be manufactured, used or reproduced any item, material, article or device evolved or supplied hereunder for either purpose of sale or otherwise. All proprietary rights embodied in designs, tools, patterns, drawings, information and equipment supplied by the Buyer under this purchase order are reserved and their utilization is restricted, solely to the work performed hereunder.
10. **BANKRUPTCY** - In the event of any proceeding, voluntary or involuntary, in bankruptcy or insolvency by or against Seller, or in the event of the appointment, with or without the Seller's consent, of an assignee for the benefit of creditor or of a receiver, the Buyer shall be entitled to elect to cancel any unfulfilled part of this order without any liability whatsoever.
11. **CANCELLATION** - Without waiver of any other rights Buyer may have at law or in equity, Buyer may be written notice cancel this order or, from time to time, any part thereof, without, liability to Seller. (i) if delivery is not made within the time specified or within a reasonable time if no time is specified. (ii) if the Seller fails to comply with any of the other provisions of this order, or and if Seller fails to make progress so as to endanger performance of this order and in the latter event does not cure such failure within ten (10) days after receipt of notice from Buyer specifying such failure.
12. **SUBCONTRACTS AND ASSIGNMENT** - This order may not be subcontracted in whole or in part without Buyer's prior written consent, including process sources (i.e. special processes). Seller must use suppliers and external providers whom are approved or designated by the buyer. Any assignment of this order or of any money due or to become due hereunder shall be void unless such assignment is made with Buyer's prior consent.
13. **TERMINATION IN CERTAIN CIRCUMSTANCES** -
1. In addition to Buyers right of termination as set forth in Paragraph 10 above, and any other rights of termination which Buyer may have under law, if Seller ceases to conduct its operation in the normal course of business (including inability to meet its obligations as they mature), or if any proceeding under bankruptcy or insolvency laws is brought by or against Seller, or if a receiver for Seller is appointed or applied for, or if any

assignment for benefit of creditors is made by Seller, Buyer may terminate the Order without liability except for delivery of goods previously made or for such goods then completed and subsequently delivered in accordance with the terms of the Order.

2. Buyer shall have the right to terminate all or part of the order for convenience. A termination for convenience by Buyer shall be governed by the principles set forth in section 52.249-2 of the May 2004 edition of the U.S. Government Federal Acquisition Regulations.
  3. In the event of a breach by Seller of the representations and/or certifications contained in this Order, Buyer shall have the right to terminate this Order (with no liability to Seller) and return to Seller items previously delivered for a full refund of amounts previously paid.
  4. Seller is fully responsible for maintaining the U.S. content percentage set forth in Seller's proposal. All costs associated with maintaining the U.S. content percentage (i.e., shifting additional work to the U.S.) shall be Seller's responsibility and shall not be reimbursed by Buyer. In the event Seller fails to maintain such U.S. content percentage and because of such failure the DSCA suspends or revokes, in whole or in part, its FMF funding approval, Seller shall be deemed to be in material breach of its obligations under this Order and Buyer shall be entitled to return all items previously delivered (including finally accepted items) for full refund of all amounts previously paid by Buyer to Seller with no further Buyer financial obligations to Seller.
14. **PRICE WARRANTY** - Seller warrants that the price or prices set forth herein do not exceed those charged at any other customers (including the U.S. Government) for like articles in the same or similar quantities.
15. **LIQUIDATED DAMAGES** - The damages that Buyer would suffer as a result of delayed deliveries would be difficult and impractical to determine or anticipate. In lieu of actual damages, in the event of a delayed delivery for reasons other than Force Majeure, Seller shall pay Buyer, as liquidated damages and not as a penalty, an amount corresponding to half of one percent (0.5%) calculated on the contractual price of the delayed item for each day of delay after a grace period of ten (10) calendar days up to a maximum liquidated damages amount of twenty percent (20%) of the delayed Product price, as a reasonable approximation of damages resulting there from. These liquidated damages shall be the sole and exclusive remedy available to Buyer for Seller's late deliveries.
16. **LAWS AND REGULATIONS** - Seller agrees to perform this in accordance with all applicable local (New Jersey State) and Federal laws and regulations.
17. **CHANGES** - Buyer may at any time, by written notice, make changes within the general scope of this order, in any one or more of the following: (i) drawing designs of specifications; (ii) method of shipment or packing; and (iii) time and or place of delivery. If any such changes causes any increase or decrease in the cost of performance of this order, and equitable adjustment under this clause must be made in writing to Buyer within thirty (30) days from the date of receipt by Seller of the notification of change. Seller will proceed immediately to make any change as directed by Buyer.
18. **ROUTING** - On shipment made F.O.B. shipping point Seller will comply with Buyer's routing instructions. Seller shall be liable to Buyer for any loss or increase in expense resulting from deviation from Buyer's routing instructions.
19. **LAW GOVERNING** - This agreement shall be constructed and interpreted in accordance with the laws of the State of New Jersey.
20. **PUBLICITY** - Disclosure by Seller of information, or release of photographs or other publicity by Seller in regard to the order or the work hereunder is expressly prohibited without the prior written consent of Buyer. Seller agrees to make no such disclosure or release.
21. **AWARENESS** - Seller shall ensure that all persons involved are aware of (1) their contribution to product or service conformity; (2) their contribution to product safety; (3) the importance of ethical behavior.
22. **QUALITY** - Seller shall ensure the following:
1. **Counterfeit Parts:** No counterfeit parts are to be supplied to Octal, either as a standalone part or incorporated into a part being supplied to Octal. If the seller becomes aware or suspects that it has supplied counterfeit parts, in whole or as part of an item supplied, then the Seller shall immediately notify Octal. Notwithstanding any other provision in this purchase order, the Seller shall be liable for all costs relating to

the removal and replacement of counterfeit parts, including without limitation Octal's costs of removing counterfeit parts, of reinserting replacement parts, and of any testing necessitated by the reinstallation of parts after counterfeit parts have been replaced.

2. Traceability: The supplier shall track and document all raw material, parts, components, special processes and finished goods throughout the manufacturing process of parts and/or service being supplied to Octal. Parts produced to drawings supplied by Octal must be traceable to the manufacturer, batch/lot as well as any additional requirements which may be listed on the PO.
3. Workmanship & Safety: The supplier shall supply parts which exhibit a high level of workmanship. Machined and/or fabricated parts are not to be supplied with burrs or any additional attribute that exhibits poor workmanship and/or inherently is unsafe for handling. Supplier shall implement, and control the processes needed to assure product safety during the entire product life cycle, as appropriate to the scope of work and the product and/or service ordered.
4. Records: Unless otherwise stated as part of the PO, including in statements of work, technical data packages, or any additional integral document, the Supplier must retain all records associated with the purchase order for a minimum of 7 years.
5. Requirements Flow Down: The supplier shall flow down the requirements of this purchase order, including the quality requirements, to its sub-contractors as applicable.

**PACKING SLIP MUST ACCOMPANY EACH SHIPMENT**

**PACKING SLIP IS TO REFERENCE OCTAL PURCHASE ORDER NO., QUANTITY, PART NUMBER AND DESCRIPTION.**

**ALL INVOICES MUST REFERENCE YOUR PACKING SLIP AND OCTAL PURCHASE ORDER NO.**

**INVOICES MUST BE SENT TO ACCOUNTING@OCTALCORPORATION.COM**