

Azonix Corporation
SUPPLEMENTARY PURCHASE ORDER TERMS AND CONDITIONS
FOR U.S. GOVERNMENT SUBCONTRACTS

THE FOLLOWING ADDITIONAL TERMS AND CONDITIONS ONLY APPLICABLE TO PURCHASE ORDERS PLACED UNDER U. S. GOVERNMENT CONTRACTS OR SUBCONTRACTS.

1. 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.

2. 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.

3. CHANGES

If Buyer makes a change to this Order, 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.

Azonix Corporation
SUPPLEMENTARY PURCHASE ORDER TERMS AND CONDITIONS
FOR U.S. GOVERNMENT SUBCONTRACTS

4. STOP WORK ORDER

FAR 49.502 shall apply to any U.S. Government initiated Stop Work Order.

5. 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.

6. 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

Azonix Corporation
SUPPLEMENTARY PURCHASE ORDER TERMS AND CONDITIONS
FOR U.S. GOVERNMENT SUBCONTRACTS

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 2008-00002) Preference for Domestic Specialty Metals – with Alternate 1 (Deviation 2008-00002)
252.225-7021 Trade Agreements
252.225-7025 Restrictions on Acquisition of Forgings
252.225-7028 Exclusionary Policies and Practices of Foreign Governments

Azonix Corporation
SUPPLEMENTARY PURCHASE ORDER TERMS AND CONDITIONS
FOR U.S. GOVERNMENT SUBCONTRACTS

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

Azonix Corporation
SUPPLEMENTARY PURCHASE ORDER TERMS AND CONDITIONS
FOR U.S. GOVERNMENT SUBCONTRACTS

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)

7. 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.

8. 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)