

1. ARBITRATION, GOVERNING LAWS, AND ENTIRE AGREEMENT. Any disputes, claims or controversies arising out of or relating to any provision of this Purchase Order shall be settled by binding arbitration in Los Angeles in accordance with the rules of the American Arbitration Association and the laws of the State of California, and the award rendered in such proceeding shall be binding and conclusive upon the parties hereto. The parties hereby consent to the jurisdiction of the courts of the State of California for the purpose of enforcing this arbitration agreement and proceeding to entry of judgment on any award. The contract resulting from the acceptance of this order is to be construed according to the laws of the State of California. There is no verbal understanding or agreement different than herein stated, and any change in this contract shall be binding, only if evidenced by a new supplemental purchase order. No terms of any acceptance or acknowledgment of sales order which vary any of the terms and conditions of this Purchase Order shall be binding on Natel, and the contract between the parties shall be deemed to be based on the terms and condition of this Purchase Order.

2. PRICES AND TERMS. The price charged for articles ordered shall not be higher than those last quoted or charged by the Seller, unless the price is specified on the face of this order. Payment is contingent upon approval of the article by Buyer. Time and material invoices are payable only after audit by Buyer. Subject to the foregoing, invoices will be paid according to discount terms or, if no discount is offered, within thirty (30) days from receipt of article. Delays in receiving statement or invoice, and errors and omissions on statement, will be considered just cause for withholding settlement without losing discount privilege.

3. EXTRAS. No Charges will be allowed or shall be made for cartons, wrapping, packing, boxes, crating, delivery, dryage, returnable containers or taxes, unless authority for such charge is expressly incorporated in this order. All sales, use, excise or similar taxes to be paid by Buyer must be itemized separately hereon and on all invoices.

4. PACKING AND SHIPPING. All articles and materials shall be suitably packed for protection against damage in shipment, storage and from atmospheric deterioration and as to secure the lowest transportation rates and to meet carrier's requirements. Buyer's order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing lists shall accompany each box or package showing buyer's order number.

5. DELIVERIES. Buyer's production schedules are based upon the agreement that material will be delivered to Buyer by the date specified on the face of the purchase order. Time is, therefore, the essence of this order. If deliveries are not made at the time agreed upon, Buyer reserves the right to cancel and/or acquire elsewhere including the right to manufacture in the Buyer's plant, and to hold Seller accountable there for. Such rights shall be in addition to any other remedies provided by law.

6. INSPECTION. All articles and materials will be subject to final inspection and approval by Buyer after delivery notwithstanding prior payment, it being expressly agreed that payment shall not constitute final acceptance. Defective material or items or such not in accordance with Buyer's specifications will be held for Seller's instruction and at the Seller's risk and if Seller directs will be returned at Seller's expense. No

goods returned as defective shall be replaced without authorization from Buyer. Natel or our customers reserve the right to access to your facility, the processing of the products and associated records. Scrantom or our customers retain Material Review Board authority over contract specifications. Suppliers may request in writing specific deviations from contract specifications to Natel's Purchasing representatives. Disposition of this request must be received from Natel's Quality representatives. If the disposition permits a deviation from contact specification, the authorizing document must accompany the shipment of associated product.

7. CHANGES IN SPECIFICATIONS. Buyer reserves the right at any time to make changes in drawings and specifications as to any material and/or work covered by this order.

8. WARRANTIES. Unless otherwise agreed in writing, Seller expressly warrants that all materials or articles will be free from defects of material and workmanship and will comply with all specifications, drawings or other description furnished by Buyer and if not ordered to specifications will be fit and sufficient for the use and purposes intended. This warranty shall run to the Buyer, its successors, assigns, customers and users of the articles or materials and shall be construed as conditions as well as warranties and the representations and conditions herein contained shall not be deemed to be exclusive.

9. DIES, JIGS, TOOLS AND PATTERNS. If the price to be paid is stated on the face of this order to include special dies, jigs, tools and patterns used in the manufacture of such articles, then such tools, etc. shall be and become the property of the Buyer, They shall be kept in good condition and from time to time replaced by the Seller without expense to the Buyer, except that the actual cost of changes due to the Buyer's change of design or specifications shall be paid for by the Buyer if such changes are made prior to the exhausting of the useful life of the jigs, tools or patterns changed. All designs, tools, patterns, drawings and any other information or equipment supplied by the Buyer to the Seller relating to, or for use in, the manufacture of the articles or materials contracted for herein are to be considered as the sole property of the Buyer. By accepting this order, Seller expressly agrees that it will not use any of them in the production, manufacture or design of any other articles or materials for any other purchaser, nor for the production of manufacture of large quantities than those specified herein without the express consent and license in writing of the Buyer. At the termination of this contract, they shall be returned to the Buyer, together with all spoiled and surplus materials, unless the Buyer shall otherwise direct.

10. BUYER FURNISHED MATERIAL. Any and all material, tools, or other property of Buyer furnished by Buyer to Seller prior to subsequent to or concurrently with this order, or in the possession of Seller, shall at all times be and remain the property of Buyer. Materials not used in the manufacture of the products covered by this Purchase Order shall, as directed, be returned to Buyer at Buyer's expense and if not accounted for or so returned, or if spoiled, shall be paid for by Seller. Seller shall be absolutely liable for the safekeeping and preservation intact of all property in its possession, title to which is in Buyer or other government, and Seller, agrees to procure a policy or policies of insurance insuring all property of Buyer or the government in the possession of Seller against any loss or damage resulting from fire (including extended coverage), malicious mischief and vandalism.

11. ADVERTISING. Seller shall not without first obtaining the written consent of Buyer in any manner, advertise or publish the facts that Seller has contracted to furnish Buyer the material herein ordered, and for failure to observe this provision. Buyer shall have the right to terminate the contract resulting from the acceptance of this order without any obligation to accept deliveries after the date of termination or make further payments except for completed articles delivered prior to termination.

12. PATENT INDEMNITY. To the extent the subject articles are not manufactured pursuant to design originated by Buyer, Seller agrees it will save Buyer and/or its agents or customers harmless from any loss, damage or liability which may be incurred on account of infringement of United States patent rights with respect to such articles or materials and that it will at its own expense defend any action, suit or claim in which such infringement is alleged with respect to the sale or use of the articles or materials delivered hereunder, provided Seller is duly notified as to suits against Buyer.

13. LABOR REGULATIONS. Seller represents that the items called for herein will be produced, manufactured and delivered in accordance with the applicable statutes including, without limitations, the Fair Labor Standards Act of 1938 as amended. Seller agrees to furnish on each invoice a statement (in form approved by U.S. Department of Labor) certifying that the items covered by such invoice were produced, manufactured, and delivered in accordance with said Fair Labor Standards Act of 1938, as amended, and all regulations and orders issued there under. Seller agrees to comply with Workmen's Compensation laws, rules and regulations and to furnish a certificate of compliance if requested.

14. TERMINATION. Buyer may terminate this order or any part thereof even though the Seller is not in default. Upon receipt of any notice of termination the Seller shall, unless the notice otherwise directs, immediately discontinue all work and the placing of further orders or subcontracts hereunder terminate work under orders and subcontracts outstanding hereunder and take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. Any dispute resulting from the termination of this order will be resolved in accordance with the Armed Services Procurement regulations relative to settlement of terminated contracts. The provisions of this paragraph shall only apply to purchase orders where the work, materials, or products are for use on a United States Government contract or subcontract. The provisions of this paragraph do not affect the right of the Buyer to cancel this order for the default of the Seller.

15. ASSIGNMENT. Seller shall not delegate or assign any duties or claims under this order without buyer's prior written consent. All claims for monies due or to become due from Buyer shall be subject to deduction by Buyer, for any setoff or counterclaim arising out of this or any other of buyer's orders with Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller.

16. CANCELLATION. Buyer reserves the right to cancel all or any part of the undelivered portion of this order if Seller does not make deliveries as provided in this contract or if Seller breaches any of the terms hereof, including the warranties of Seller. Buyer shall also have the right to cancel this order or any part thereof in the event of the happening of any of the following; insolvency of Seller; filing of a voluntary petition in bankruptcy; filing of an involuntary petition to have Seller declared bankrupt, provided it is not vacated within thirty (30) days from the date of filing; the appointment

of a receiver or trustee for Seller, provided such appointment is not vacated within thirty (30) days from the date of such appointment; execution by Seller of an assignment for the benefit of creditors; the filing of a petition under Chapter XI of the Bankruptcy Act. If after notice of cancellation under the terms of this paragraph it determined either by Buyer or a court of competent jurisdiction that the Buyer was not entitled to cancel this order, then such notice shall be deemed to have been given and this order terminated under the terms of paragraph 15 and the rights and obligation of the parties shall in such event be governed by such paragraph.

17. REMEDIES. The remedies herein reserved shall be cumulative and additional to any other or further remedies in law or equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.

18. GOVERNMENT CONTRACTS. If this Purchase Order is issued pursuant to a Natel prime contract with the government, or pursuant to a subcontract where Natel's purchaser is the prime contractor to the Government, the following provisions shall apply. A. FAR or DoD/FAR Supplement Clauses in effect on the date of the award of Natel's prime contract or the date of the award of the Government Prime Contract:

TERMS AND CONDITIONS

52.203-3 Gratuities

52.203-5 Covenant Against Contingent Fees

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 Payments

52.204-2 Security Requirements

52.211-5 New Material Requirements

52.211-6 Brand Name or Equal

52.212-8 Priorities, Allocations, and Allotments

52.214-26 Audit Sealed Bidding

52.214-28 Subcontractor Cost or Pricing Data-Modifications - Formal Advertising (for subcontracts exceeding \$100,000)

52.215-1 Examination of Records by Comptroller General

52.215-2 Audit-Negotiation

52.215-20 Subcontractor Cost or Pricing Data

52.215-21 Subcontractor Cost or Pricing Data- Modification

52.215-26 Integrity of Unit prices (less paragraph (c))

52.216-5 Price Predetermination - Prospective

52.216-6 Price Determination - Retroactive

52.216-7 Allowable Cost and Payment

52.219-8 Utilization of Small Business and Small Disadvantaged Business Concerns

52.219-9 (Alternate I) Small Business and Small Disadvantaged Business

Subcontracting Plan

52.222-1 Notice to the Government of labor Disputes

52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation - General

52.222-20 Walsh-Healy Public Contracts Act

- 52.222-21 Certification of Non-segregated Facilities
- 52.222-22 Previous Contracts and Compliance Reports
- 52.222-25 Affirmative Action Compliance
- 52.222-26 Equal Opportunity
- 52.222-35 Affirmative Action for disabled Veterans and Veterans of the Vietnam Era
- 52.222-36 Affirmative Action for Handicapped Workers
- 52.222-37 Employment Reports on Special Veterans
- 52.223-3 Hazardous Material Identification and Material Safety Data
- 52.224-2 Privacy Act
- 52.225-3 Buy American Act - Supplies
- 52.225-7 Balance of Payments Program
- 52.225-8 Duty-Free Entry
- 52.225-13 Restrictions on Certain Foreign Purchases
- 52.227-1 Authorization and Consent (if included in the controlling prime contract)
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
- 52.227-3 Patent Indemnity
- 52.227-6 Reporting of Royalties
- 52.227-9 Refund of royalties
- 52.227-10 Filing of Patent Applications Classified Subject Matter
- 52.228-3 Worker's Compensation Insurance (Defense Base Act)
- 52.228-5 Insurance Work on a Government Installation
- 52.229-3 Federal, State and Local Taxes
- 52.230-3 Cost Accounting Standards
- 52.230-4 Administration of cost Accounting standards
- 52.230-5 Disclosure and Consistency of Cost Accounting Practices (in which paragraph (b) of the Clause is deleted). Seller shall communicate and otherwise deal directly with to the extent practicable and permissible as to all matters relating to Cost Accounting standards. Seller shall provide Natel with copies of all communications between Seller and the Contracting Officer respecting this Clause, and 52.230-4 (Administration of Cost Accounting Standards), provided Seller shall not to be required to disclose to Natel such and confidential to Seller. In addition to any other remedies provided by law or under this Order, Seller agrees to indemnify and hold harmless to the full extent of any loss, damage, or expense (excluding profit) if Natel is subjected to any liability as the result of a failure of Seller or its lower-tier subcontractor to comply with the requirements of this clause or 52.230-4 (Administration of Cost Accounting Standards).
- 52.232-1 Payments
- 52.233-1 Disputes
- 52.236-7 Permits and Responsibilities
- 52.241-14 Stop Work Order
- 52.241-15 Stop Work Order-Facilities
- 52.243-1 Changes - Fixed Price
- 52.243-4 Changes
- 52.243-5 Changes and Changed Conditions
- 52.243-7 Notification of Changes
- 52.244-5 Competition in Subcontracting
- 52.245-2 Government Property (Fixed-Price Contracts)

52.246-2 Inspection of Supplies (Fixed Price)
52.247-63 Preference for U.S. - Flag Air Carriers
52.248-1 Value Engineering
52.249-1 Termination for Convenience of the Government (Fixed Price)
52.249-8 Default (Fixed-Price Supply and Service)
1.b.DoD/FAR Supplement
252.203-7001 Special Prohibition on Employment
252.203-7002 Prohibitions Relating to Former DoD employees
252.208-7000 Required Sources for Miniature and Instrument Ball Bearings
252.208-7001 Required Sources for Precision Components for Mechanical Time Devices
252.208-7002 Required sources for High-Purity Silicon
252.208-7003 Required sources for High Carbon Ferrochrome
252.208-7004 Notice of Intent to Furnish Precious Metals as Government Furnished Material
252.208-7005 Required Sources for Antifriction Bearings Application for Combat and Direct Contract Support Items
252.208-7006 Required Sources for Antifriction Bearings
252.209-7001 Acquisition from Defense Contractors Subject to On-Site Inspection Under the Intermediate Range Nuclear Forces (INF) Treaty
252.215-7000 Aggregate Pricing Adjustment
252.223-7005 Notice of Radioactive Materials
252.225-7008 Duty-Free Entry - Qualifying Country End Products and Supplies
252.225-7009 Preference for Certain Domestic Commodities
252.225-7011 Preference for Domestic Specialty Metals (Major Programs)
252.225-7013 Preference for Domestic Hand or Measuring Tools
252.225-7014 Duty-Free Entry - Additional Provisions
252.225-7018 Offset Arrangement
252.225-7019 Exclusionary Policies and practices of Foreign Governments
252.227-7013 Rights in Technical Data and Computer Software
252.227-7018 Restrictive Markings on Technical Data
252.227-7027 Deferred Ordering of Technical Data or Computer Software
252.227-7029 Identification of Technical Data
252.227-7030 Technical Data - Withholding of Payment
252.227-7034 Patents - Subcontract
252.227-7036 Certification of Technical Data Conformity
252.227-7037 Validation of Restrictive Markings on Technical Data
252.228-7006 Accident Reporting and Investigation Involving Aircraft, Missiles and Space Launch Vehicles
252.231-7000 Supplemental Cost Principles
252.232-7007 Progress Payments
252.234-7000 Notice of Cost/Schedule Control Systems
252.234-7001 Cost/Schedule Control Systems
252.235-7004 Frequency Authorization
252.236-7001 Modification of Proposal - Price Breakdown
252.236-7019 Accident Prevention

252.243-7000 Engineering Change Proposals

252.246-7001 Warranty of Data

252.247-7003 Transportation of Supplies by Sea

252.271-7001 Recovery of Nonrecurring Costs on Commercial Sales of Defense Products

1.c. In addition, if this PO exceeds \$100,000 FAR 52.215-27 (Termination of Defined Benefit Pension Plan) and DoD/FAR Supplement 252.204-7005 (Overseas Distribution of Defense Subcontracts): if this PO exceeds \$500,000; FAR 52.219-9 (Small Business and Small Disadvantaged Business Subcontracting Plan), FAR 52.220-4 (Labor Surplus Area Subcontracting Program), and FAR 52.215-24 (Subcontractor cost or Pricing data), and if this PO exceeds \$1,000,000: DoD/FAR Supplement 252.235-7002 (Recovery of Nonrecurring Costs on Commercial Sales) and DoD/FAR Supplement 252.210-7005 (Acquisition Streamlining).

1.d. Acts of Congress: Service Contract Act of 1965 (contract of \$2,500 or less); Fair Labor Standards Act and Service Contract Act Price Adjustment.

1.e. Indemnify of Seller's Defective Pricing. The clauses contained in FAR 52.214-27 (Price Reduction for Defective Cost or Pricing Data-Modifications Sealed Bidding), FAR 52.215-22 (Price Reduction for Defective Cost or Pricing Data), and FAR 52.215-23 (Price Reduction for Defective Cost or Pricing Data-Modifications) shall apply.

2. In addition to the remedies provided in FAR 52.214-27, 52.215-22, and 52.215-23, Seller agrees to indemnify and hold Natel harmless from all costs and expenses of any nature incurred by Natel in defense of any defective pricing action brought by reason of Seller or any lower tier Subcontractor's defective pricing. B. Anti-Kickback clause

1. This Contract is subject to the provisions of the Anti-Kickback Act of 1988 (41 U.S.C. 51-58) (The "Act") an FAR 52.203-7 (Anti-Kickback Procedures), FAR 52.203-7 is hereby incorporated by reference appropriately modified to reflect that the term contractor shall mean Seller. By executing this contract, Seller certifies that neither Seller, nor Seller's employees, agents, representatives, nor any person acting on behalf of Seller has engaged in conduct prohibited by the Act relating to this contract or any subcontract there under. Seller hereby indemnifies, defends, and holds harmless Buyer, its officers, employees, and agents from any and all losses, costs, fees, and damages resulting, directly or indirectly, in whole or in part from any conduct in which Seller or Seller's employees, agents, or representatives have engaged and which is prohibited by the Act.

2. Buyer shall have the right to withhold from any sums due Seller under this contract: a. If so directed by the cognizant contracting officer pursuant to the terms of the Act or pursuant to FAR 52.207-7; or b. To recoup losses, costs, fees, damages against the incurrence of which Seller has agreed to indemnify Buyer.

3. Seller agrees to incorporate FAR 52.207-7 (Anti-Kickback Procedures) in all subcontracts under this contract.

C. Suspended or Debarred Contractors. By commencing work under this PO, Seller hereby certifies that it is not listed by any federal agency as debarred, suspended, or otherwise ineligible for any federal program. Seller further agrees to notify Natel in the event it becomes debarred, suspended, or otherwise ineligible for any federal program during the performance of any effort under a Natel PO or subcontract.

d. Additional FAR and DoD/FAR supplement Clauses and Other Conditions. Additional FAR and DoD/FAR Supplement clauses and other conditions under Natel's prime contract may be incorporated in this PO at a later date. Seller agrees to negotiate promptly with Natel of the inclusion of such additional clauses and other conditions.

e. Limitation of Liability. If Natel's contract with its customer contains any of the following clauses, then such clause(s) shall be, and are, incorporated herein, in which case, the term "contractor" as used in such clause(s) shall mean the Seller hereunder and the term "Government" shall mean the government and/or Natel, as appropriate; FAR 52.246-23 (Limitation of Liability), FAR 52.246-24 (Limitation of Liability - High Value Items), or FAR 52.246-25 (Limitation of Liability - Services). Of Priorities. When a priority symbol (e.g.; DO-A1) appears on the face page hereof, Seller is required to follow the provisions of DPAS Regulations (Title 15 CFR Part 350) and all other applicable regulations and orders of BDSA in obtaining controlled materials and other products and materials needed to fulfill this PO.

19. EEO CLAUSE. The Equal Employment Opportunity Clause in section 202 of Executive Order 11246 as amended relating to Equal Employment Opportunities and its implementing rules and regulations of the Secretary of Labor are incorporated herein by specific reference.

20. CRITICAL CHARACTERISTIC IDENTIFICATION. The symbol # is used on Natel drawings and specifications to identify those characteristics vital to the products quality. Suppliers are required to conform to all specifications and the identification of these critical characteristics are provided so the supplier may apply appropriate controls.

21. QUALITY SYSTEMS. Suppliers of manufactured goods or services that will be used to produce products are required to maintain a quality management system equivalent to MIL-I-45208.