

SPACE MICRO INCORPORATED
PURCHASE ORDER TERMS AND CONDITIONS

PLEASE READ THE REVERSE SIDE CAREFULLY. BY SHIPPING THE ABOVE GOODS OR BY PERFORMING THE ABOVE WORK, SELLER AGREES TO THE SPECIFICATIONS, TERMS AND CONDITIONS OF PURCHASE SET FORTH ON BOTH SIDES OF THIS PURCHASE ORDER AND ON ANY SHEETS OF ADDITIONAL SPECIFICATIONS, TERMS, AND CONDITIONS ATTACHED HERETO. COMPANY HEREBY OBJECTS TO ANY DIFFERENT OR ADDITIONAL TERMS IN SELLER'S ACCEPTANCE OF THIS OFFER.

1. PRICES AND TAXES

The acceptance of this purchase order constitutes a warranty that the prices to be charged for articles or services ordered ("Products") do not exceed the lowest price charged to any other customer for similar quantities and delivery requirements. Unless otherwise specified, the prices set forth in this purchase order include all applicable federal, state and local taxes.

2. INVOICES

Seller will submit invoices showing the following information: purchase order number, item number, description of item, quantity of item, unit prices, each applicable tax, extended totals and any other information specified elsewhere herein. Payment of invoice will not constitute acceptance of goods and will be subject to adjustment for errors, shortages, and/or defects in the goods or other failure of Seller to meet the requirements of this purchase order. Company may at any time set off any amount owed by Company to Seller against any amount owed by Seller or any of its affiliated companies to Company. Payment will be made in U.S. dollars unless otherwise agreed.

3. DISCOUNTS

Time in connection with any discount offered by Seller will be computed from the latest of (i) the scheduled delivery date, (ii) the date of actual delivery or (iii) the date an acceptable invoice is received. For the purpose of earning the discount, payment will be deemed to have been made on the date of mailing of Company's check.

4. OVERSHIPMENTS

Company will pay only for maximum quantities ordered. Overshipments will be held by Company at Seller's risk and expense for a reasonable time awaiting shipping instructions. Return shipping charges for excess quantities will be at Seller's expense.

5. PACKING AND SHIPMENT

Unless otherwise specified, when the price of this purchase order is based on the weight of the ordered goods, such price is to cover only the net weight of material ordered, and no charges will be allowed for packing, handling, transportation, storage or other packing requirements. Unless otherwise specified, Seller will package and pack all goods in a manner that is (i) in accordance with good commercial practice, (ii) acceptable to common carriers for shipment at the lowest rate for the particular goods, (iii) in accordance with I.C.C. regulations and (iv) adequate to insure safe arrival of the goods at the named destination. Seller will mark all containers with necessary lifting, handling, and shipping information and with purchase order numbers, date of shipment and the names of the consignee and consignor. An itemized packing list must accompany each shipment. No partial or complete delivery will be made prior to the due date or dates shown unless Company has given prior written consent. Products shipped to Company in advance of a scheduled delivery date and without Company's prior approval, and any partial or incomplete shipments, may be returned to Seller at Seller's sole cost and expense or held at Company's facility with deferred billing privileges. Unless otherwise specified, Seller shall ship products so that deliveries occur at Company's specified location no earlier than five (5) days prior or zero (0) days late to the delivery date specified on the face of the purchase order.

6. F.O.B. POINT

Unless otherwise specifically provided on the face of this order, the products ordered hereunder will be delivered F.O.B. destination.

7. WARRANTY

(a) Seller warrants that all goods delivered will (i) be free from defects in workmanship, material, and manufacture; (ii) comply with the requirements of this purchase order, including any drawings or specifications incorporated herein or samples furnished by Seller; (iii) where design is Seller's responsibility, be free from defects in design and (iv) be in compliance with all applicable laws and regulations. Seller further warrants that all goods purchased hereunder will be of merchantable quality and will be fit for the

purposes intended by Company to the extent disclosed by Company. The foregoing warranties constitute conditions to this purchase order. They are in addition to all other warranties, whether express or implied, and will survive any delivery, inspection, acceptance or payment by Company. All warranties run to the benefit of Company and its resellers and customers.

(b) Company's approval of Seller's materials or design will not relieve Seller of any warranties.

(c) If any goods delivered do not meet the warranties specified herein or otherwise applicable, Company may, at its option, (i) require Seller to correct any defective or nonconforming goods by repair or replacement at no cost to Company; (ii) return such defective or nonconforming goods to Seller at Seller's expense and recover from Seller the order price thereof or (iii) correct the defective or nonconforming goods itself and charge Seller with the cost of such correction.

8. INSPECTION AND ACCEPTANCE

Notwithstanding any prior inspection or payments, all goods will be subject to final inspection and acceptance at Company's plant within a reasonable period not to exceed 60 days after delivery. In case any item is defective in material or workmanship, or otherwise does not conform to the requirements of this order, Company will have the right to reject it, to require its correction or to accept it with an adjustment in price. Any item that has been rejected or required to be corrected must be replaced or corrected by and at the expense of Seller promptly after notice. If, after being requested by Company, Seller fails to promptly replace or correct any defective item, then Company may (i) by contract or otherwise, replace or correct such item and charge to Seller the cost occasioned thereby, (ii) without further notice, cancel this purchase order for default in accordance with Section 10 below or (iii) require an appropriate reduction in price. Seller will notify Company of non-conforming material. Seller will notify Company of changes to product or process. Upon advanced notice, Company and its authorized agents have the right of access to visit/audit Seller's site.

9. CHANGE ORDERS

(a) The Company may at any time, by a written order, suspend performance hereunder, increase or decrease the ordered quantities, change the due date or make changes in any one or more of the following:

- (i) applicable drawings, designs or specifications;
- (ii) method of shipment or packing; and/or
- (iii) place of delivery.

(b) If the change causes an increase in the cost or the time required by Seller for performance of this purchase order and Seller so notifies Company, then an equitable adjustment will be made in the order price or delivery schedule or both, and the purchase order will be modified accordingly in writing. No claim by Seller for such an adjustment will be valid unless asserted within twenty (20) days from the date of receipt by Seller of the notification of change; provided, however, that such period may be extended upon the written approval of Company.

(c) Nothing in this Section 9 is intended to excuse Seller from proceeding with this purchase order as changed or amended.

10. CANCELLATION FOR DEFAULT

(a) It is understood and agreed that time is of the essence for this order because the goods or services ordered herein are needed for products of Company that have a very short, carefully timed market life; failure of Seller to deliver on the due date could cause Company's products to be unmarketable. Company may, by written notice, cancel this order in whole or in part if, in Company's good-faith opinion, Seller has failed to (i) make delivery of the items or to perform the services within the time specified herein, or any extension thereof by written change order or amendment; (ii) replace or correct defective items in accordance with the provisions of Sections 7 or 8 above; (iii) perform any of the other provisions of this purchase order or (iv) has so failed to make progress under this purchase order as to endanger performance in accordance with its terms.

(b) If this purchase order is canceled for Seller's default, Company may procure, upon such terms and in such manner as Company may deem appropriate, goods or services similar or substantially similar to those

canceled. Seller will then be liable to Company for any excess costs occasioned thereby.

(c) If all or a portion of this purchase order is canceled for Seller's default, Company may require Seller to transfer title and to deliver to Company, in the manner and to the extent directed by Company, (i) all completed items not yet delivered and (ii) any partially completed items and materials that Seller has produced or acquired for the performance of the terminated portion. Seller will, upon direction of Company, protect and preserve the property listed in this paragraph that is in the possession of Seller. Payment for completed items delivered to and accepted by Company under this paragraph will be in an amount (not to exceed the contract price) agreed upon by Seller and Company; however, Seller's obligation to carry out Company's direction as to delivery, protection and preservation of the property will not be contingent upon prior agreement as to such amount.

(d) Nothing in this Section 10 is intended to excuse Seller from proceeding with any uncanceled portion of this purchase order.

11. TERMINATION FOR CONVENIENCE

(a) At any time for convenience, Company may terminate this purchase order, in whole or in part, by written notice.

(b) Upon such termination, Seller will, to the extent and at the times specified by Company, stop all work under this purchase order; place no further orders for materials or services to complete the work; assign to Company all Seller's interests under terminated subcontracts and orders; settle all claims thereunder after obtaining Company's approval; protect all property in which Company has or may acquire an interest and transfer title and make delivery to Company of all articles, materials, work in process and other things held or acquired by Seller in connection with the terminated portion of this purchase order. Seller will proceed promptly to comply with Company's instructions respecting each of the foregoing without awaiting settlement or payment of its termination claim.

(c) Within six (6) months after such termination, Seller may submit to Company its written claim for termination charges, in the form and with the certifications prescribed by Company. Failure to submit the claim within six (6) months will constitute a waiver of all claims and a release of all Company's liability arising out of the termination.

(d) The parties may agree upon the amount to be paid Seller for such termination. If they fail to agree, Company will pay Seller the following amounts:

(i) The contract price for all items completed or services rendered in accordance with this purchase order for which payment has not been made.

(ii) The actual costs incurred by Seller which are properly allocable under recognized commercial accounting practices to the terminated portion of this purchase order, plus a fair and reasonable profit on such costs. If it appears that Seller would have sustained a loss on the order, no profit will be allowed and an adjustment will be made reducing the amount of the settlement to reflect the indicated rate of loss.

(iii) The reasonable costs incurred by Seller in making settlement hereunder and in protecting property in which Company has or may acquire an interest.

(e) Payments made under Sections 11(d)(i) and (ii) above may not exceed the aggregate price specified in this purchase order less payments otherwise made or to be made. Any amounts payable for property lost, damaged, stolen or destroyed prior to delivery to Company will be excluded from amounts otherwise payable to Seller under this Section 11.

12. RISK OF LOSS OR DAMAGE

Unless stated otherwise and notwithstanding any prior inspections and irrespective of the F.O.B. point named herein, Seller will bear all risk of loss, damage or destruction to the ordered goods until final acceptance of the goods by Company at destination. Seller will bear the same risk with respect to any goods rejected by Company. Company, however, will be responsible for any loss occasioned by the gross negligence of its employees acting within the scope of their employment. Company shall provide insurance coverage door-to-door, where applicable, on material provided by Seller.

13. COMPANY PROVIDED MATERIALS

If Company provides any materials or components to Seller for the execution of Company's order, Company shall retain all rights, title and interest in such materials. At all times, and under all circumstances, Company reserves the right to retake possession of such materials. Seller agrees to store such materials separately using best practice or industry standards and to clearly mark all such

materials as Company's property. Seller shall inform any third parties who might seek recourse against Seller of Company's property rights in such materials and shall immediately inform Company of any action which might threaten Seller's control over such materials. Seller shall not use, nor allow any third party to use, any Company provided materials for any purpose other than the execution of Company's purchase order. Seller shall have industry standard insurance coverage on any materials or components in their possession from the Company in case of lost or damage.

14. WAIVER

The failure of Company to enforce at any time any of the provisions of this purchase order, to exercise any election or option provided herein or to require at any time the performance by Seller of any of the provisions herein will not in any way be construed to be a waiver of such provisions.

15. REMEDIES

The remedies stated herein are in addition to all other remedies at law or in equity.

16. INDEMNIFICATION

(a) Seller agrees to indemnify Company, its agents, customers, successors, and assigns against any loss, damage and liability (including costs and expenses) for actual or alleged infringement of any patent, copyright, trademark or other third party right arising out of the use or sale of the goods by Company, its agents or customers; provided, however, that Company must notify Seller of any suit, claim or demand involving such infringement and permit Seller to defend against or settle the same. If any injunction is issued as the result of any such infringement, Seller agrees, at Company's option, to (i) refund to Company the amounts paid to Seller for the goods covered by the injunction or (ii) promptly furnish Company with acceptable and non-infringing goods.

(b) Seller agrees to indemnify Company against any and all liability and expense resulting from any alleged defect in the goods, whether latent or patent, including allegedly improper construction and design or from the failure of the goods to comply with specifications.

(c) Seller warrants that there are no liabilities for royalties, mechanics liens or other encumbrances on the goods supplied and agrees to indemnify Company against any such liabilities.

(d) The above indemnifications are in addition to all other rights of indemnification of Company against Seller.

17. NON-DISCLOSURE OF CONFIDENTIAL MATTER

Seller will not quote for sale to others, without Company's written authorization, any goods purchased under Company's specifications or drawings. All specifications, drawings, samples and other data furnished by Company will be treated by Seller as confidential information, will remain Company's property and will be returned to Company on request.

18. ASSIGNMENTS

No right or obligation under this purchase order (including the right to receive monies due) may be assigned by Seller without the prior written consent of Company and any purported assignment without such consent will be void. Company may assign this purchase order at any time if such assignment is considered necessary by Company in connection with a sale of Company's assets or a transfer of its obligations.

19. NOTICE OF DELAYS

Whenever any event delays or threatens to delay the timely performance of this purchase order, Seller will immediately notify Company of such event and furnish all relevant details. Receipt by Company of such notice will not constitute a waiver of the due dates hereunder.

20. PATENT LICENSE

Seller, as part consideration for this purchase order and without further cost to Company, hereby grants to Company an irrevocable, non-exclusive, royalty-free license to use, sell, manufacture and cause to be manufactured products embodying any inventions and discoveries made, conceived or actually reduced to practice in connection with the performance of this purchase order.

21. GOVERNMENT CONTRACTS

If this purchase order is issued for any purpose that is either directly or indirectly connected with the performance of a prime contract with the government or a subcontract thereunder, the terms that the Armed Services Procurement Regulation or other appropriate regulations require to be inserted in contracts or subcontracts will be deemed to apply to this purchase order.

22. EXPORT CONTROL COMPLIANCE FOR FOREIGN PERSONS

The subject technology of this contract or subcontract (together including data, services, software, and hardware provided hereunder) may be controlled for export purposes under the International Traffic in Arms Regulations (ITAR) controlled by the U.S. Department of State or the Export Administration Regulations ("EAR") controlled by the U.S. Department of Commerce. ITAR controlled technology may not be

exported without prior written authorization and certain EAR technology requires a prior license depending upon its categorization, destination, end-user and end-use. Exports or re-exports of any U.S. technology to any destination under U.S. sanction or embargo are forbidden. Access to certain technology ("Controlled Technology") by Foreign Persons (working legally in the U.S.) as defined below, may require an export license if the Controlled Technology would require a license prior to delivery to the Foreign Person's country of origin. Seller is bound by U.S. export statutes and regulations and shall comply with all U.S. export laws. Seller shall have full responsibility for obtaining any export licenses or authorization required to fulfill its obligations under this contract or subcontract. Seller hereby certifies that all Seller's employees who have access to the Controlled Technology are U.S. citizens, have permanent U.S. residency, or have been granted political asylum or refugee status in accordance with 8 U.S.C. 1324b(a)(3). Any non-citizens who do not meet one of these criteria are "Foreign Persons" within the meaning of this clause but have been authorized under export licenses to perform their work hereunder.

23. DISPUTES

Any dispute not settled in the normal course of business shall be determined in the following manner:

- (a) Company and Seller agree to enter into negotiation to resolve any dispute. Both parties agree to negotiate in good faith to reach a mutually agreeable settlement within a reasonable amount of time.
- (b) If negotiation is unsuccessful, Company and Seller agree to enter into binding arbitration. The American Arbitration Association (AAA) Commercial Arbitration Rules (most recent edition) are to govern this arbitration. The arbitration shall take place in the County of San Diego, State of California. The Arbitrator shall be bound to follow the applicable contract or subcontract provisions and California law in adjudicating the dispute. It is agreed by both parties that the Arbitrator's decision is final, and that no party may take any action, judicial or administrative, to overturn this decision. The judgment rendered by the Arbitrator may be entered in any court having jurisdiction thereof. Pending any decision, appeal, or judgment referred to in this provision or the settlement of any dispute arising under this contract or subcontract, Seller shall proceed diligently with the performance of this contract or subcontract.

24. APPLICABLE LAW

This purchase order will be governed by the laws of the State of