



23042 Arroyo Vista  
Rancho Santa Margarita, CA 92688

**Purchase Order  
Attachment**

NUMBER: <b>GL-16</b>	REV: <b>E</b>	TITLE: <b>PURCHASE ORDER GENERAL PROVISIONS AND SHIPPING INSTRUCTIONS</b>
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DOCUMENT OWNER: MATERIAL MANAGER

APPROVED BY: B. Dell'Anno	SIGNATURE: B. Dell'Anno	DATE: 02/09/12	DEPT: Operations
APPROVED BY: R. Chase	SIGNATURE: R. Chase	DATE: 02/09/12	DEPT: Operations
APPROVED BY: T. Lepak	SIGNATURE: T. Lepak	DATE: 02/09/12	DEPT: Security
APPROVED BY: P. Baker	SIGNATURE: P. Baker	DATE: 02/09/12	DEPT: Quality

**PURCHASE ORDER SHIPPING INSTRUCTIONS**

1. **TARIFF PROVISIONS:** All shipments shall be made in strict conformity with governing tariff rules and regulations and packaging specifications, except where otherwise specifically required by provisions of this Order or military regulations.
2. **ROUTING INSTRUCTIONS:**
  - (a) Freight shipments are to be routed via Order instructions or as authorized by Buyer. Seller will request prior routing instructions for delicate equipment, emergency shipments, or shipments exceeding 10,000 pounds gross weight.
  - (b) Freight Charges: Shipments are to be made "Freight Collect" on FOB source shipments, unless otherwise specified herein, United Parcel Service shipments are to have freight charges prepaid and added to the goods invoice. Attach copies of paid freight bills to any invoice that includes transportation charges.
  - (c) Insurance: DO NOT DECLARE ANY VALUE FOR CARRIAGE OR INSURANCE. Shipments shall be released to minimum value of governing classification or tariff; or insured for minimum value for traceability. No shipment exceeding \$10,000 shall be sent Parcel Post. No shipment exceeding \$50,000 shall be sent via courier service. Seller will provide advance notice to Buyer of shipments exceeding \$1,000,000.
  - (d) Consolidation: Except where limited by Clause 3(c) above, consolidate all shipments to the delivery point specified herein, for any one day, on one bill of lading.
  - (e) Purchase Order Number(s) must appear on all correspondence, shipping labels; invoices; and shipping documents, including Packing Sheets, Bills of Lading, and Airbills.
  - (f) Packing Sheets: Seller is to provide two (2) copies of each packing sheet with the shipment.
3. **HAZARDOUS MATERIAL PACKING, LABELING, AND SHIPPING:** Seller shall comply with Provision 10 below.
4. **PACKING AND PACKAGING:** Seller shall use best commercial practice for packing and packaging of items to be delivered under this order, unless otherwise specified herein.

**ETHICAL STANDARDS OF CONDUCT**

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APPROVED BY: P. Baker	SIGNATURE: P. Baker	DATE: 02/09/12

Seller hereby represents that it has neither received nor given any gifts or gratuities, nor participated in any other unethical conduct as defined in Buyer's booklet entitled "Ethics & Buying" in connection with this Order. If, at any time, Buyer determines that Seller is in violation due to the foregoing representation, Buyer may cancel Order upon written notice to Seller and Buyer shall have no further obligation to Seller.

**PURCHASE ORDER GENERAL PROVISIONS**

1. **WARRANTIES:** Seller warrants to Buyer and its customers that all items delivered and all services rendered hereunder will conform to the requirements hereof and will be free from defects. In addition to other remedies which may be available at law or in equity, Buyer, at its option, may return to Seller any nonconforming or defective items, or require corrections or replacement of the item, all at Seller's risk and expense. If Buyer does not require correction or replacement of nonconforming or defective items, seller shall repay such portion of the contract price or such additional amount as is equitable under the circumstances. These rights of Buyer are in addition to and shall not be limited by Seller's Standard warranties. Inspection and acceptance of items by buyer or its customer, or payment thereof, shall not relieve Seller of its responsibilities hereunder.
2. **CHANGES:** By written order, Buyer may, from time to time, order work suspension or make changes in drawings, designs, specifications, place of delivery, methods of shipment and packaging, and property and services furnished by Buyer. If any such change causes an increase or decrease in the price of this Order or in the time required for its performance, Seller shall, within 20 days after the change is ordered, notify Buyer of its intent to submit a proposal for adjustment and an equitable adjustment shall be made. However, nothing in this provision shall excuse Seller from proceeding immediately with the Order as changed. Whether made pursuant to this provision or by mutual agreement, changes shall not be binding upon Buyer except when specifically confirmed in writing by a member of Buyer's Purchasing Department. Information, advice, approvals, or instructions given by Buyer's technical personnel or other representatives shall be deemed expressions of personal opinions only and shall not affect Buyer's and Seller's rights and obligations hereunder unless set forth in a writing which is signed by a member of Buyer's Purchasing Department and which expressly states that it constitutes an amendment or change to this Order.
3. **INFRINGEMENT INDEMNITY:**
  - (a) In lieu of any other warranty by Buyer or Seller against infringement, statutory or otherwise, it is agreed that Seller shall defend at its expense any suit against Buyer or its customers based on a claim that any item furnished under this Order or the normal use or sale thereof infringes any U.S. Letters Patent or copyright, other than claims under Letters Patent covering combinations of such items not furnished by Seller, and shall pay costs and damages finally awarded in any such suit, provided that Seller is notified in writing of the suit, Seller, at no expense to Buyer, shall obtain for Buyer and its

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customers the right to use and sell said item or shall substitute an equivalent item acceptable to Buyer and extend this patent indemnity thereto.

- (b) Notwithstanding the foregoing provision, when this Order is performed under the authorization and consent of the U.S. Government to infringe U.S. Patents, Seller's liability for infringement of such Patents in such performance shall be limited to the extent of the obligation of the Buyer to indemnify the U.S. Government.

**4. SELLER'S DATA:**

- (a) Seller agrees that all data, including but not limited to tapes, photo prints, and other graphic information, furnished by this Order, together with any information furnished orally, shall be free from proprietary restriction except if elsewhere authorized in this Order. Subject to provision 4.(b) below, Seller's data, for which a restrictive use marking is authorized, other than restricted rights computer software per DFARS 252.227-7013, incorporated herein by this reference, may be duplicated and used by Buyer in performance of its customer contracts. Such usage includes, as a minimum, preparation of logistics and instructional information and delivery thereof as required by such customer's contract. Minimum rights to the use of computer software are set forth in DFARS 252.227-7013 for those computer programs listed or described in this Order which the parties have agreed will be furnished with restricted rights. Any other specific rights, not inconsistent with these minimum rights, are listed or described in a license or agreement made a part of this Order. Seller also grants to the Buyer the same rights granted above to the Government for use by Buyer in performance of its higher tier contracts.
- (b) Except as to data available to Buyer without restriction from other sources, Seller's data, subject to a restrictive use marking, shall not without Seller's permission be: (1) used by Buyer for procurement from other than Seller, (2) used by Buyer for manufacture of items described by such data, or (3) disclosed outside Buyer or its customers.
- (c) Copyright Licensing:
  - (1) To the extent that Seller establishes a claim to statutory copyright in any data first produced and furnished in the performance of this Order, Seller grants the Buyer a royalty-free, nonexclusive, irrevocable, worldwide license to publish, distribute, translate, duplicate, exhibit, or perform any such data copyrighted by the Seller with the right to grant sublicenses.
  - (2) Exclusive of computer software, related documentation and other proprietary data, the Seller agrees to grant a license for the benefit of the Buyer of the same scope as set forth in Provision 4.(c)(1) to any technical data delivered under this Order that are copyrighted by the Seller.
  - (3) Exclusive of computer software and related documentation, the Seller further agrees not to knowingly include any material copyrighted by others in technical data delivered under this Order without first obtaining, at no additional cost and for the benefit of the Buyer, a license therein of the same scope as set forth in Provision 4.(c)(1).

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**5. PROPRIETARY INFORMATION, DUPLICATION, AND DISCLOSURE:**

- (a) Seller shall not use or disclose, without Buyer's prior written consent, any tools or other items or drawings, specifications, technical information, or other data which have been specifically designed for Buyer in connection with this Order or furnished by Buyer; provided, however, that if the U.S. Government has the right to authorize the use of such tools, items, drawings, specifications, technical information or data, Seller may, to the extent of such right use them as authorized by the U.S. Government; provided, further that, Seller gives Buyer notice of such authorization prior to such use. This paragraph shall not apply to technical data generated by Seller in which the Government has unlimited rights.
- (b) Seller agrees that it will not publicize this Order or disclose, confirm, or deny any details thereof to third parties, or use Buyer's name in connection with Seller's sales promotions or publicity without prior written approval from Buyer.
- (c) Nothing in this Provision 5, however, shall restrict Seller's right to use or disclose drawings, specifications, technical information, and other data that either (1) are or become generally known to the public without breach of this Provision by the Seller or (2) are rightfully obtained from other sources.

**6. DEFAULT:**

- (a) Buyer may terminate this Order for Seller's default in accordance with FAR 52.249-8 if circumstances set forth therein occur, or if Seller becomes insolvent, fails to pay its debts as they become due, or makes or proposes an assignment for the benefit of creditors. Buyer shall have such additional remedies for default as may be available at law or in equity whether or not it terminates this Order. To be relieved of liability for excess cost as provided in paragraph (c) of FAR 52.249-8, Seller must provide Buyer written notice of the cause of failure to perform which is beyond its control and without its fault or negligence within twenty (20) days of occurrence of the cause.
- (b) Delivery:
  - (1) If at any time it appears that the Seller (has not or will not meet this Order's delivery schedule, or any extension thereof, the buyer shall have the right to require the Seller to submit a revised delivery schedule together with adequate documentation to support the reasonableness of the revised schedule. The revised schedule shall provide a specific date for the delivery of each deliverable item under this Order and shall not be submitted subject to any contingencies.
  - (2) Unless the Buyer has extended the time in writing, the Seller shall submit the revised delivery schedule within thirty (30) calendar days after receipt of the Buyer's written request for it. Such request shall not be deemed a waiver of any existing delivery schedule, the Buyer shall have thirty (30) calendar days after receipt of the Seller's response within which to approve or disapprove the Seller's revised schedule. If it is approved, the parties shall incorporate it into the Order using a bilateral modification issued by the Buyer.

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- (3) If the Seller fails to submit a revised delivery schedule as specified above, or any extension thereof granted by the Buyer, the Seller shall be deemed to have failed to make delivery within the meaning of the "Default" clause of this Order and this Order shall be subject to termination.
- (c) FAR 52.249-8 is modified as follows for the purposes of this Order and is subject to the Definitions Provision herein: "Contracting Officer" means Buyer's Purchasing Representative, and "Government" means Buyer, except in paragraph (c) where it means Government and in paragraph (c) where it means Government or Buyer. In the second sentence of paragraph (c) add "acts of Buyer" to the list of examples.

**7. ASSIGNMENTS AND SUBCONTRACTING:**

- (a) Neither this Order nor any interest herein nor claim hereunder may be assigned or delegated by Seller; nor may all or substantially all of this Order be further subcontracted by Seller without the prior written consent of Buyer. Buyer's consent shall not be deemed to relieve Seller of its obligations to comply fully with the requirements hereof.
- (b) Notwithstanding the above, Seller may, without Buyer's consent, assign monies due to or to become due hereunder provided Buyer shall continue to have the right to exercise any and all of its rights hereunder, settle any and all claims arising out of, and enter into amendments to this Order without notice to or consent of the assignee. Buyer shall be given notice of any assignment and all invoices shall refer to the assignment.

**8. PRICES:**

- (a) Seller warrants that any unit prices charged herein do not exceed the unit prices charged by Seller to the U.S. Government or other customers in substantially similar transactions.

**9. INVOICES:**

- (a) Invoices in duplicate shall be mailed to Buyer's Accounts Payable Department when items are shipped. The time for payment shall not commence before Buyer's actual or scheduled receipt, whichever is later, of items at their destination or before performance by Seller in accordance with the requirements of this Order. Without limiting Buyer's other remedies, if data are deficient or are not furnished when scheduled", Buyer may withhold remaining payments (or such portion thereof as Buyer may deem equitable) until such deficiency or delinquency is cured. All shipping costs and all Federal manufacturers' and retailers' excise and state or local sales or use taxes, when applicable, must be billed as separate items on Seller's invoices. Any and all tax exemption certificates shall be accepted by Seller. Seller hereby certifies that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the U.S. Department of Labor issued under Section 14 thereof.

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Page 6 of 13

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- (b) In addition to any other remedies that may be available at law or in equity, Buyer shall have the right to recover from Seller, by offset or otherwise, the price of any items returned to Seller under the terms of this Order.

**10. HAZARDOUS MATERIAL PACKAGING, LABELING AND SHIPPING:**

- (a) Seller shall package, label, transport, and ship hazardous material or items containing hazardous materials in accordance with all applicable Federal, state, and local laws and regulations, including but not limited to current published issues of tariffs and regulations reflecting 40 CFR Articles 100-199, FAR 52.223-3, DFARS 252.223-7001, the Explosive Safety manual AFM 127-100, and Federal Aviation Regulation 103, as amended (e.g. the current Hazardous Materials Regulations of the Department of Transportation; the Official Air Transport Restricted Articles Tariff; Packaging and Handling of Dangerous Materials for Transportation by Military Aircraft, Joint Manual AFM 71-4; and subsequent reissues thereof) and if applicable, to furnish appropriate Material Safety Data Sheets in accordance with California Hazardous Substances Information and Training Act. Seller, prior to each hazardous material shipment, shall notify Buyer of its nature and shipment date by such means of communications as will allow for proper preparation for acceptance of delivery by the carrier of the material and shall identify same on all shipping documents.
- (b) The 1990 Clean Air Act Amendments and implementing regulations established labeling requirements for products manufactured with, containers of, and products containing specific ozone depleting substances. This label must be "clear and conspicuous". There is no requirement that suppliers label directly on the hardware. Because labeling hardware may not conform with requirements contained in the technical data package (if any), pertinent to this Purchase Order, Buyer prefers that the hardware deliveries under this purchase order not be labeled, and that alternative labeling be used. The EPA regulation provides for the use of alternative labeling. Supplemental printed material may also be appropriate, i.e., where the statement would be as conspicuous on printed material as it would be on the product. For specific requirements and options on labeling regulations, refer to 40 CFR 82.

**11. ADDITIONAL PURCHASE ORDER AMENDMENTS:**

- (a) Seller, upon the request of Buyer, shall negotiate amendments to this Order to incorporate additional provisions herein or to change provisions hereof as Buyer may reasonably deem necessary in order to comply with the provisions of the contract between Buyer and its customer or with the provisions of amendments to such contract. If such amendments to this Order cause 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, pursuant to the Changes provision herein.

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**12. DISPUTES:**

- (a) Irrespective of the place of performance, this Order will be construed and interpreted according to the laws of the state from which Buyer's Order is issued without resort to said state's Conflicts of Law rules. Pending final resolution of a dispute hereunder, the Seller shall proceed diligently with the performance of this Order and in accordance with the Buyer's decision.

**13. GENERAL:**

- (a) This Order and the attachments and documents incorporated herein constitute the completed and exclusive statement of the terms of this agreement between Buyer and Seller and supersede all prior representations, understandings, and communications relating hereto. The invalidity in whole or in part of any provision of this Order shall not affect the validity of other provisions. Buyer's failure to insist, in any one or more instances, upon the performance of any term of this Order, shall not be construed as a waiver or relinquishment of Buyer's right to such performance or to future performance of such a term or terms, and Seller's obligation in respect thereto shall continue in full force and effect. Time shall be of the essence hereunder. Seller shall perform work and make deliveries hereunder no earlier than and only to the minimum extent consistent with delivery schedules and other requirements.

**14. PRECEDENCE:**

- (a) Conflicting provisions hereof, if any, shall prevail in the following descending order of precedence: (1) typed provisions set forth, in this Order, (2) Buyer's Purchase Order Attachments, (3) the preprinted portion of this Order, including these Purchase Order General Provisions, (4) statement of work, and (5) specifications attached or incorporated by reference. Buyer's specifications shall prevail over those of an agency of the U.S. Government, and both shall prevail over those of Seller.

**15. DEFINITIONS FOR FAR/DFARS CLAUSES:**

- (a) The following definitions shall apply to this Order except as otherwise herein provided. The date of the FAR/DFARS clauses shall be the same as the date of the FAR/DFARS clauses in Buyer's prime contract, unless otherwise stated in the body of the Order.
  - Buyer - the legal entity issuing this Order.
  - Contract - this contractual instrument, including changes.
  - Contractor - Seller
  - Contracting Officer - the Government Contracting Officer for the prime contract, or authorized representative.
  - DFARS - Department of Defense, Federal Acquisition Regulation Supplement
  - FAR - Federal Acquisition Regulation.
  - Government - the Government of the United States.

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- Prime Contract - the Government contract under which this order is issued.
- Purchasing Representative - Buyer's authorized representative.
- Seller - the legal entity which contracts with the Buyer.
- Subcontractor - Seller's subcontractors.
- This Order - this contractual instrument, including changes.

**16. FAR CLAUSES APPLICABLE TO ALL ORDERS:**

The text of clauses identified herein by FAR reference number are incorporated herein by this reference, subject to the Definitions Provision herein and to the modifications indicated:

- 52.210-5 New Material, in which "contracting Officer" means Buyer's Purchasing Representative and "government" means Buyer in the last two sentences of the clause.
- 52.222-1 Notice to the Government of Labor Disputes, in which "Contracting Officer", means Buyer's Purchasing Representative.
- 52.245-2 Government Property (Fixed Price Contracts). In which:
  - Contracting Officer means Buyer's Purchasing Representative.
  - Government means Government or Buyer.
  - The fourth sentence of paragraph (b) is changed to read: "Neither the Government nor the Buyer shall be liable.
- 52.246-2 Inspection of Supplies (Fixed-Price), in which "Contracting Officer" means Buyer's Purchasing Representative or his/her authorized designee, and "Government" means Buyer except that the first time it appears in the first sentence of paragraph (b) and in the fourth sentence of paragraph (b) it means Buyer and the Government (provided, however, that an inspection system accepted by the Government will be deemed acceptable to the Buyer), and the first time it appears in paragraph (k) it means Government or Buyer. The provisions in the clause for access, rights to inspect, safety protection, and relief from liability apply equally to Buyer and the Government The rights and remedies of the Buyer shall be in addition to and not in limitation of those set forth in Provision, 1, Warranties. In this clause, the term Buyer shall include any customer of Palomar Products, Inc.
- 52.246-16 Responsibility for Supplies, in which "Contractor" means Seller and "Government" means Buyer, except in paragraph (d) where "Government" means Government or Buyer.
- 52.249-2 Termination for Convenience of the Government (Fixed-Price), in which "Contracting Officer" means Buyer's Purchasing Representative, and "Government" means Buyer except in paragraph (m). In paragraph (c) the term "45 days" is changed to "90 days." The term "1 year" in paragraph (d) is changed to "6 months." The term "90 days" in paragraph (k) is changed to "45 days." If the Government is unable to unwilling in a timely manner to conduct any audit of Seller's Books and

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52.249- records, an audit may be conducted by a mutually acceptable independent certified public accounting firm.  
Default (Fixed-Price Supply and Service), in which "Contracting Officer" means Buyer's Purchasing Representative, and "Government" means Buyer.

**17. FAR/DFARS CLAUSES APPLICABLE TO ALL GOVERNMENT WORK:**

If it is noted on the face of this Order that U.S. Government work is involved, the following FAR and DFARS Clauses are incorporated herein by this reference, subject to the Definitions Provisions herein and to the modifications indicated, unless indicated otherwise in the typed provisions of the Order.

(a) All Orders include the following:

- 52.203-6 Restrictions on Subcontractor Sales to the Government.
- 52.203-7 Anti-Kickback Procedures.
- 52.204-2 Security Requirements.
- 52.208.1 Required Sources for Jewel Bearings and Related Items. Communications required under this clause from Seller to Contracting Officer shall be through Buyer's Purchasing Representative.
- 52.210-7 Used or Reconditioned Material, Residual Inventory, and Former Government Surplus Property.
- 52.212-3 Defense Priority and Allocation Requirements
- 52.215-26 (Alternate 1) Integrity of Unit Prices.
- 52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation. Buyer may withhold or recover from Seller such sums as the Contracting Officer withholds or recovers from Buyer because of liabilities of Seller or its subcontractors under this clause.
- 52.223-3 Hazardous Material Identification and Material Safety Data, in which "Government" means Government or Buyer, and after the term "United States Government Contract No. \_\_\_" in paragraph (e) (4) add "and Buyer's Order No. \_\_\_." Numbers are noted on the face of this Order.
- 52.225-11 Restrictions of Certain Foreign Purchases
- 52.227-1 Authorization and Consent
- 52.227-10 Filing of Patent Applications - Classified Subject Matter.
- 52.227-11 Patent Rights - Retention by the Contractor (Long Form), if this Order requires the performance of research, experimental or development work.
- 52.229-3 Federal, State and Local Taxes. in which "Government" means Buyer and "Contracting Officer" means Buyer's Purchasing Representative
- 52.247-63 Preference for U.S. Flag Air Carriers
- 252.223-7002 Safety Precautions for Ammunition and Explosives, in which "Contracting Officer" means Buyer or Contracting Officer. "Government" shall not mean Buyer except in

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APPROVED BY: P. Baker	SIGNATURE: P. Baker	DATE: 02/09/12 DEPT: Quality

paragraph (c) where it means Buyer or Government. Seller shall send simultaneously to Buyer a copy of each notification and report sent to the Contracting Officer.

- 252.225-7009 Duty Free Entry - Qualifying Country End Products and Supplies, in which "Contracting Officer" means Buyer's Purchasing Representative acting pursuant to authorization of the Contracting Officer. In paragraph (k), "this contract" means the prime contract.
- 252.225-7010 Duty Free Entry - Additional Provisions
- 252.225-7014 Preference for Domestic Specialty Metals (Alternate 1)
- 252.225-7025 Foreign Source Restrictions, in which "Contracting Officer" shall also mean Buyer's Purchasing Representative in paragraph (f).
- 252.221-1013 Rights in Technical Data and Computer Software
- 252.227-7018 Restrictive Markings on Technical Data
- 252.211.7027 Deferred Ordering of Technical Data or Computer Software, provided, however, that his right is solely for the purpose and only to the extent necessary to fulfill obligations to the Government in the prime contract under which this Order is issued. The word "Government" shall mean the Buyer or the Government except in the last sentence.
- 252.227.1031 Validation of Restrictive Markings on Technical Data.
- 252.228-7005 Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles, in which "Administrative Contracting Officer" means Buyer and Administrative contracting Officer, and "Government" means Buyer or Government.
- 252.247-7024 Notification of Transportation of Supplies by Sea. In paragraph (a), the first sentence and the word "however" in the second sentence are deleted.

(b) Orders exceeding \$2,500 also include:

- 52.222-36 Affirmative Action for Handicapped Workers, (41 CFR Ch. 60)

(c) Orders exceeding \$10,000 also include:

- 52.222-20 Walsh-Healey Public Contracts Act
- 52.222-26 (b) Equal Opportunity. (41 CFR Ch. 60 )  
EEO / AFFIRMATIVE ACTION: Seller warrants that all goods and services sold hereunder shall have been produced, sold, delivered and furnished in strict compliance with all applicable laws and regulations including EEO and affirmative action to which they are subject. Federal contractors are notified that they may be subject to the provisions of 41 CFR Section 60-1.40, 41 CFR section 60-250.4, 41 CFR 60-300.5, 41 Section 741.4 and 29 CFR part 471, appendix A to subpart A with respect to affirmative action program requirements.
- 52.222-35 Affirmative Action for Special Disabled and Vietnam Era Veterans. (41 CFR Ch.

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DOCUMENT OWNER: MATERIAL MANAGER		
APPROVED BY: B. Dell'Anno	SIGNATURE: B. Dell'Anno	DATE: 02/09/12 DEPT: Operations
APPROVED BY: R. Chase	SIGNATURE: R. Chase	DATE: 02/09/12 DEPT: Operations
APPROVED BY: T. Lepak	SIGNATURE: T. Lepak	DATE: 02/09/12 DEPT: Security
APPROVED BY: P. Baker	SIGNATURE: P. Baker	DATE: 02/09/12 DEPT: Quality

- 60)
- 52.222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era.
- (d) Orders exceeding \$25,000 also include:
- 52.215-1 Examination of Records by Controller General, excluding paragraph, (c)
  - 52.215-2 Audit-Negotiation, if the Government is unable or unwilling in a timely manner to conduct any audit of Seller's books or records, an audit may be conducted by a mutually acceptable independent certified public accounting firm.
  - 52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business Concerns
  - 52.220-3 Utilization of Labor Surplus Area Concern
  - 52.225-10 Duty-Free Entry, in which "Contracting Officer" means Buyers' Purchasing Representative. In the last sentence of paragraph (h) "the contract" means prime contract.
  - 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement.
  - 52.244-5 Competition in Subcontracting
  - 52.247.64 (Alternate 1) Preference for Privately Owned U.S. Flag Commercial Vessels.
  - 252.203-7001 Special Prohibition on Employment
  - 252.209.7000 Acquisition from Subcontractors Subject to On-site Inspection Under the INF Treaty,
  - 252.247-7023 Transportation of Supplies by Sea.
- (e) Orders exceeding \$100,000 also include:
- 52.223-2 Clean Air and Water
  - 52.203-12 Limitations of Payments to influence Certain Federal Transactions 252.225-7006
  - 252.225-7006 Reporting of Contract Performance Outside the United States.
- (f) Orders exceeding \$500,000 also include:
- 52.219-9 Small Business and Small Disadvantaged Business Subcontracting Plan, in which "Contracting Officer" means Buyer's Purchasing Representative in the first sentence of subparagraph (c)
  - 52.220-4 Labor Surplus Area Subcontracting Program
  - 252.249.7001 Notification of Substantial Impact on Employment
  - 252.249-7002 Notification of Proposed Program Termination or Reduction

**18. SPECIAL PROVISIONS:**

- (a) Jigs and Fixtures: In manufacture of items to be supplied hereunder, Seller shall use jigs, fixtures,

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23042 Arroyo Vista  
Rancho Santa Margarita, CA 92688

**Purchase Order  
Attachment**

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and/or other devices or appliances, in all processes where such use is conducive to interchangeability for uniformity of the product, of such character, as will reduce the need for selective assembly.

- (b) Indemnification:
  - (1) Seller hereby indemnifies Buyer and agrees to hold Buyer harmless from any and all violations of import/export laws and regulations of the United States which result either directly or indirectly from Sellers acts or omissions to act.
  - (2) By acceptance of this purchase order, Seller hereby agrees to indemnify, hold harmless, and exonerate Buyer for any losses or damages, resulting from any claim, action, proceeding or suit relating to the Seller's violation of the provisions of Subsection 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423), Procurement Integrity. In addition to any other remedies that Buyer may have, Seller shall defend, at its expense, any such claim, action, proceeding or suit against Buyer or its Customers and shall pay all costs and damages incurred either through judgment or settlement. Seller further agrees to provide Buyer with certifications of compliance with the provisions of the Act if requested to do so.
- (c) Substandard or Counterfeit Parts: Seller shall establish, implement, and maintain documented procedures which shall detect and/or preclude the use of substandard or counterfeit parts in production and shall impose similar requirements on Seller's subcontractors.
  - (1) Seller must provide parts that are traceable back to the Original Equipment Manufacturer (OEM).
  - (2) Seller must provide a Certificate of Conformance (C of C) listing the date and lot code(s) of the parts and certifying they are traceable back to the original OEM.
  - (3) If the seller cannot provide traceability and certification as noted above, they must receive prior authorization from the buyer to purchase. Failure to do so will be at seller's risk, with no obligation or liability from the Buyer to purchase the parts.

**19. RIGHT OF ENTRY**

The Seller shall, at any reasonable time, allow entry to Seller's premises to Buyer's personnel, Buyer's customer personnel, and regulatory agency personnel for the express purpose of verifying that Seller's premises and product contracted for conforms to specified requirements. Such verification shall not be used by the Seller as evidence of effective control of quality by the Seller. Verification by the Buyer or Buyer's customer shall not absolve the Seller of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the Buyer

**20. ITAR/Export Control**

U.S. Military Export Controlled Information, to the extent that Proprietary Information includes U.S. military export controlled information (for further definition of this see 22 CFR §120.10), the parties agree that the receiving party under this Agreement shall not authorize further disclosure, nor export (see 22 CFR §120.17), of such Proprietary Information to any non U.S. person (see 22 CFR §120.15), or any person or entity listed

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**Purchase Order  
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on the "denied parties/person" list, in contravention of the United States export laws or other laws or regulations of the country of the other party to this Agreement.

**21. CHANGE OF LOCATION / SALE OF BUSINESS NOTIFICATION**

Seller must notify buyer of an changes in location, facilities, management, sale of business or acquisition of business. Seller agrees to discuss with Buyer and proposed plans for changes affecting Buyer's work hereunder. Buyer may terminate this contract for default under the general terms and conditions governing this contract if, in the reasonable opinion of Buyer, changes proposed would jeopardize Seller's ability to perform any existing contract(s) in accordance with scheduled deliveries.

**22. ADDITIONAL QUALITY REQUIREMENTS:**

- (a) Retention of Records:  
The seller shall maintain records to demonstrate conformance on file and available for review upon request. Quality records shall be retained for a minimum of seven (7) years following completion of an order.
- (b) Electro-Static Discharge (ESD) Management:  
ESD Management and control must be implemented for electro-static sensitive devices to the level required to insure part are not compromised.
- (c) Foreign Object Damage (FOD): The seller must maintain a Foreign Object Debirs/Damage (FOD) Prevention Program, as required and suitable for the manufacturing operation, in order to prevent damage to parts and assemblies.

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