

**TERMS AND CONDITIONS OF SALE
NORTHROP GRUMMAN AEROSPACE SYSTEMS
CUTTING EDGE OPTRONICS, INC.
(Hereinafter known as CEO)**

1. ACCEPTANCE OF ORDERS

(a) No purchase order shall be binding unless or until accepted in writing by an authorized employee of CEO. Any terms or conditions contained in the purchase order or other instrument of Buyer, which are in addition to or inconsistent with any of the terms or conditions contained in these Terms and Conditions of Sale, shall not be binding on CEO and shall not apply unless specifically agreed to in writing by an authorized employee of CEO.

(b) This acceptance sets forth the entire understanding between the parties with reference to the subject matter hereof. All clauses contained in law and regulation have been considered by the parties hereto, and those clauses not included are deemed to have been specifically considered and excluded, by mutual agreement of the parties.

2. PRICES

Unit prices apply only to the specific quantities and delivery schedule shown on our quotation. Any variation in quantity, specifications and/or rate of delivery may necessitate a revision in unit price. Prices shown do not include Federal, State or Local taxes. Applicable taxes will be included at the time of invoice. Selling prices do not cover the cost of environmental testing unless specifically so stated.

3. CHANGES; CANCELLATION

Purchase order changes of Buyer, effected subsequent to acknowledgment of Buyer's purchase order by CEO, will not be considered effective until mutual agreement has been reached in writing between Buyer and CEO concerning the effect of said changes on price, delivery, or other terms and conditions of sale. Except with regard to orders for custom products, which orders are not cancelable without the prior written consent of CEO, Buyer may cancel an order at any time prior to shipment by CEO by delivering written notice to CEO; provided, however, that Buyer will be responsible for a cancellation charge of 15% of the price of the canceled Laser Products, plus the amount of all direct and indirect costs incurred by CEO with respect to the canceled order, including without limitation those incurred after receipt of any written cancellation notice.

4. DELIVERY DATES

The delivery date is our best estimate of the time at which material will be shipped from our factory, but CEO assumes no liability for loss, damage, or consequential or other damages due to delays. In the event of any such delay or failure in performance, CEO shall have such additional time within which to perform its obligations under this purchase order as may reasonably be necessary under the circumstances; and CEO shall also have the right, to the extent necessary in CEO's reasonable judgment, to apportion fairly among its various customers in such manner as CEO may consider equitable CEO's products then available for delivery. If, as a result of any such contingency, CEO is unable to perform under this purchase order in whole or in part, then, to the extent that it is unable to perform, this purchase order shall be deemed terminated without liability to either party, but shall remain in effect as to the unaffected portion of this purchase order, if any.

5. DAMAGED ITEMS DURING DELIVERY

Unless otherwise agreed by CEO and Buyer, the Laser Products are sold F.O.B. St. Charles, MO. Except in the case of specially designed shipping containers supplied by CEO or otherwise agreed in writing by CEO, CEO shall ship all products in specially designed shipping containers to avoid damage due to excessive shock. In the event that any Laser Products are received by Buyer in a damaged condition, Buyer should cease unpacking such Laser Products, request an immediate inspection by the common carrier responsible for delivery, and furnish the carrier's written report to Buyer's insurer and to CEO. FAILURE OF BUYER TO COMPLY WITH THIS PARAGRAPH 5 SHALL VOID THE WARRANTY REFERRED TO IN PARAGRAPH 7.

6. ACCEPTANCE

All products ordered hereunder shall be subject to final inspection and to acceptance by Buyer within thirty (30) days after delivery to Buyer. If the products ordered hereunder do not meet the specifications or otherwise do not conform to the requirements of this purchase order, Buyer shall have the right to reject such non-conforming products by providing CEO written notice of non-conformance within thirty (30) days after delivery. To the extent that any product is not rejected in writing within thirty (30) days after delivery, such product shall be deemed accepted hereunder. Any such acceptance or deemed acceptance resulting from Buyer's failure to provide written notice of rejection within thirty (30) days after delivery shall be definitive and final in all cases, absent fraud. Following such acceptance or deemed acceptance, Buyer's only remedy for defective products shall be as provided in Paragraph 7 Warranty. Products that have been delivered and rejected may be returned to CEO for repair or replacement.

7. WARRANTY

CEO's warranty with respect to Laser Products is set forth in its WARRANTY POLICY, a copy of which is attached hereto and, by this reference, incorporated herein. Such warranty may not be modified or expanded by any other person in any manner that modifies or expands the liability of CEO. THE WARRANTIES SET FORTH IN THE WARRANTY POLICY ARE IN LIEU OF ALL OTHER WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESSED, IMPLIED, STATUTORY OR OTHERWISE INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF INFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, WHETHER ARISING BY LAW, CUSTOM, CONDUCT OR USAGE OF TRADE, AND THE RIGHTS AND REMEDIES PROVIDED HEREIN ARE EXCLUSIVE AND IN LIEU OF ANY OTHER RIGHT OR REMEDIES. CEO SHALL NOT BE RESPONSIBLE FOR THE REMOVAL OF THE DEFECTIVE PRODUCTS FROM ANY ITEM PRODUCED BY BUYER OR FOR ANY COSTS OR EXPENSES INCURRED, DIRECTLY OR INDIRECTLY BY BUYER IN CONNECTION WITH THE REMOVAL OF THE DEFECTIVE PRODUCTS FROM ANY ITEM PRODUCED BY BUYER. THIS WARRANTY SHALL NOT BE VALID IF THE PRODUCTS HAVE BEEN SUBJECTED TO ABUSE, MISUSE, ACCIDENT, ALTERATION, NEGLIGENCE, UNAUTHORIZED REPAIR, OR EXPOSURE TO CONDITIONS BEYOND APPLICABLE ENVIRONMENT.

8. REMEDIES

IN NO EVENT SHALL CEO BE LIABLE FOR COVER DAMAGES, BEYOND THAT EXPRESSLY SET FORTH UNDER THE ABOVE INDICATED WARRANTY PARAGRAPH. SPECIFICALLY, CEO SHALL NOT BE LIABLE FOR ANY DAMAGES, DIRECT OR INDIRECT COSTS, EXPENSES, COVER REMEDIES, OR ANY OTHER FORM OF LOSS ALLEGED BY BUYER, IRRESPECTIVE OF ANY DELAY ON DELIVERY, FAILURE TO DELIVER, OR ALLEGED NON-PERFORMANCE OR MISPERFORMANCE ON CEO'S PART. NOTWITHSTANDING ANY OTHER PROVISION HEREIN, CEO'S LIABILITY ON ALL CLAIMS OF ANY KIND, WHETHER BASED ON CONTRACT, INDEMNITY (INCLUDING, WITHOUT LIMITATION, INTELLECTUAL PROPERTY INFRINGEMENT), WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOSS OR DAMAGE ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM THIS ORDER, OR FROM THE PERFORMANCE OR BREACH THEREOF, OR FROM ALL SERVICES AND PRODUCTS COVERED BY OR FURNISHED UNDER THIS ORDER, SHALL IN NO CASE EXCEED THE PRICE OF THE SPECIFIC CEO SERVICE OR PRODUCT WHICH GIVES RISE TO THE CLAIMS. IN NO EVENT WILL CEO BE LIABLE FOR SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, OR CLAIMS OF CUSTOMERS OF BUYER FOR SUCH DAMAGES.

9. CLAIMS AND REJECTED MATERIAL

No products may be returned without CEO's permission in writing. After receiving factory authorization, material requiring repair or replacement should be sent prepaid to the factory, in accordance with CEO's RMA return procedure.

10. SPECIFICATIONS

Weight, dimensions and specifications shown in sales literature are not guaranteed. Detailed control drawings are available on request. CEO reserves the right to make design changes at any time without incurring any obligation to incorporate these changes in units previously purchased or to continue to supply obsolete items. CEO is not responsible for typographical or clerical errors made in any quotations, orders or publications. All such errors are subject to correction.

11. TERMS OF PAYMENT

Unless stated differently on the reverse side of this document, terms are net thirty (30) days from date of invoice, with no discount allowed for earlier payment. In cases where credit is not established satisfactorily, or financial information is not available, the terms are cash in advance, credit card, or C.O.D., at CEO option. If Buyer becomes delinquent in payments to CEO, or refuses to accept C.O.D. shipments, then CEO has the right, in addition to any other remedy to which it may be entitled in law or equity, to cancel the sales order, refuse to make further deliveries, and declare due and payable immediately all unpaid amounts for goods previously delivered to Buyer (also subject to the terms of Paragraph 15 below). Each shipment shall be considered a separate and independent transaction and payment thereof shall be made accordingly.

12. EXPORT REGULATIONS

(a) Buyer agrees that it shall not sell, transfer, or deliver, directly or indirectly, any part or portion of the Products or related documentation supplied by CEO pursuant to this Agreement to any person or organization in any country where such sale, transfer, or delivery by Buyer would be prohibited by law or regulation now or hereafter in effect which imposes any restrictions on United States trade with foreign countries.

(b) CEO's obligations hereunder are conditioned upon CEO (or Buyer) obtaining, from the appropriate agencies or departments of the United States Government, all export licenses and other governmental

permits that may be required by law to enable CEO to export the Products, Services and related documentation supplied by CEO pursuant to this Agreement. CEO agrees to take all reasonable steps to obtain such licenses and permits; provided, that Buyer shall reimburse CEO for any costs CEO expends in connection with obtaining such licenses and permits. In the event that the required approvals are not granted, withdrawn, or not extended, then either party may terminate this Agreement and such termination for purposes of determination of costs shall be considered caused by Excusable Delay as defined in Paragraph 17 of this Agreement.

(c) Buyer shall indemnify and save harmless CEO and its affiliated companies from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorneys' fees, arising out of claims, suit, allegations or charges of Buyer's failure to comply with the provisions of this Paragraph 12. Any failure of Buyer to comply with the requirements or any breach of the warranty contained in this Paragraph 12 shall be a material breach of this Agreement.

13. SPECIAL TOOLING

Special tooling, which is totally paid for as a separate item on an order, shall become the property of Buyer. During its use at CEO, special tooling shall be held for the exclusive use of Buyer. CEO shall maintain special tooling in its normal practice. To the extent practicable, tooling shall be identified by appropriate stamps, tags or other marks. Property control records will be maintained in accordance with standard CEO practice. Unless otherwise stated on the face of this document, prices shown do not include the costs of transportation, storage beyond life of the order, or special identification and packaging. Unless otherwise agreed in writing between CEO and Buyer at the time of the order, CEO will not be responsible for special tooling not recalled by Buyer upon delivery of all work called for in the contract.

14. PROPRIETARY INFORMATION

Buyer agrees that any information obtained from devices, materials, circuits and other items provided by CEO in furtherance of this Agreement shall be considered Proprietary Information and shall only be disclosed to employees of the Buyer with a need to know to use the Items provided hereunder. Buyer shall not use the Proprietary Information for any other purpose and shall not disclose or use any Proprietary Information to the detriment of CEO or to benefit itself unless expressly authorized in writing to do so by CEO. Buyer agrees not to reverse engineer any devices, materials, circuits or other items provided by CEO in furtherance of this Agreement.

15. INTELLECTUAL PROPERTY INDEMNIFICATION

(a) In the event any product to be furnished under this Agreement is not to be made in accordance with drawings, samples or manufacturing specifications designated by Buyer, but rather is the design of CEO, CEO agrees that it shall, at its own expense and at its option, defend or settle any claim, suit, or proceeding brought against Buyer or any customer of Buyer, based on an allegation that the product furnished under this purchase order constitutes a direct infringement of any claim of any patent, mask work, copyright or any other intellectual property right. This obligation shall be effective only if Buyer shall have made all payments then due and if CEO is notified of said allegation promptly in writing and given authority, information, and assistance for the settlement or defense of said claim, suit, or proceeding. CEO shall pay all damages and costs assessed in such suit or proceedings. In the event of a final adjudication by a court of competent jurisdiction that its product or any part thereof infringes or violates any third party intellectual property right or if the use or sale thereof is enjoined, or if the provisions of any negotiated settlement agreement prohibit the use of the product, CEO shall at its sole option and its own expense, either: (a) procure for Buyer the right to continue using the product; or (b) replace it with a substantially equivalent non-infringing product; or (c) modify it so it becomes non-infringing but substantially equivalent; or (d) if none of the above is reasonably available, terminate the Buyer's right to use the product, accept the return of the product from Buyer, and return to the Buyer the pro rata amount of the price originally paid by Buyer to CEO for the product supplied by CEO, based on a three year life.

The foregoing indemnity does not apply to the following: (1) infringement by a combination of products furnished under this Agreement with other products not furnished hereunder unless CEO is a contributory infringer; (2) infringement resulting from changes or modifications made to or from the product by the Buyer; and (3) any settlements of a claim, suit, or proceeding made without CEO' written consent. The foregoing states the entire liability of CEO with respect to infringement or violation of third party intellectual property rights in connection with products furnished under this purchase order.

(b) In the event any product to be furnished under this purchase order is to be made in accordance with drawings, samples or manufacturing specifications designated by Buyer, Buyer agrees to defend, indemnify and hold CEO harmless to the same extent and subject to the same requirements as set forth in CEO' indemnification of Buyer as set forth in (a) above.

16. TERMINATION

Any order once accepted by CEO (i.e., to which an acknowledgment has been forwarded to Buyer by CEO) cannot be terminated by Buyer (unless CEO has previously expressly indicated in writing its inability to provide the item within the specifications applicable to the purchase order), without provision of cancellation costs to CEO. Said cancellation costs shall be such as shall fully reimburse CEO for reasonable costs incurred to date of termination of the order, including all applicable material and labor costs, applicable administrative costs, and any loss of profit resulting from placing Buyer in backlog of orders entered.

17. EXCUSABLE DELAY

For the purposes hereof, "Excusable Delay" shall mean causes proved to be beyond the Buyer's or CEO's reasonable control including, without limitation, an act of God, natural disasters, fire, floods, explosions or earthquakes, any act of the government of the Buyer or CEO, war, insurrection or riots, or strikes affecting CEO or the Buyer and freight embargoes. If CEO has knowledge of an Excusable Delay then CEO shall immediately notify the Buyer in writing. The anticipated duration and causes of the Excusable Delay as well as remedial actions to be taken by CEO to prevent delays in delivery shall be given in writing within 30 days of the initial notification. The Buyer may wholly or partly suspend or postpone any of its obligations under this purchase order by promptly notifying CEO in writing in the event of Excusable Delay. Such suspension or postponement may continue until the circumstances of the Excusable Delay have been overcome. When the cause of the delay has ceased to exist CEO shall promptly notify the Buyer of such fact and the actual delay to the delivery or other performance required under this purchase order. The parties shall negotiate a mutually acceptable revised delivery schedule, taking into account all the circumstances of the Excusable Delay. The time for completion shall be not be extended by a period greater than the agreed period of the "Excusable Delays". If any one or more delays in performance constituting an Excusable Delay exceeds a period of 3 months from the date of the contractual scheduled delivery in the purchase and the parties have not agreed upon a revised schedule for performance, the Buyer shall have the right to terminate any or all ordered but undelivered products or services without liability to either party (except as provided herein) and shall pay CEO its costs incurred up to the date of termination.

18. TAXES

Federal, State or Local taxes, if any, must be added to the net prices and will be shown as a separate item upon invoicing and shall be borne by Buyer.

19. INSPECTION AND AUDIT

Examination of CEO books and records is restricted solely to the Comptroller General of the United States to the extent authorized and required under public law.

20. NO FURTHER OBLIGATIONS

Buyer acknowledges that CEO is under no obligation to provide Buyer with any products or services other than those in the quantities specified herein. More specifically, Buyer acknowledges that CEO is under no obligation to agree to follow-on production work concerning the subject matter hereof and that no representations have been made by any employee or agent of CEO to the contrary. Further, Buyer agrees that any such commitment can be evidenced only by the execution by the authorized representatives of CEO and Buyer of an amendment hereof or a new supply agreement between CEO and Buyer.

21. NEGOTIATED TERMS

All terms of this purchase order were negotiated between the parties at arm's length, recognizing the special needs, knowledge, and benefits of each party. The parties agree that in the event a dispute arises in connection with this purchase order, the terms contained in this purchase order shall be given their plain meaning, and that no term shall be construed in favor of one party over the other by virtue of one party having drafted a term in this purchase order.

22. ENTIRE AGREEMENT

This purchase order contains the entire agreement between the parties, and no modification, amendment, revision, waiver or other change will be binding on CEO unless assented to in writing by CEO's authorized representative; provided, however, Buyer may request in writing any changes to the purchase order and CEO shall consider such request and provide written acceptance or rejection thereof within 10 Business days of receipt, such acceptance or rejection decision shall be in the sole discretion of CEO. Any oral or written representation warranty, course of dealing or trade usage not contained or referenced herein will not be binding on CEO. This purchase order shall be governed by the laws of the State of Missouri applicable to contracts entered into and wholly to be performed in such jurisdiction without regard to its conflicts of laws provisions.

23. DISPUTE RESOLUTION

In the event of any dispute arising out of or relating to this purchase order, representatives of the parties shall meet promptly in a good faith effort to resolve the dispute without resort to arbitration or court proceedings. If the dispute is not resolved by the parties within thirty (30) days after the representatives' first meeting, then either party, by written notice to the other, may request mediation. Mediation shall be conducted in St. Charles County, Missouri in accordance with the Commercial Mediation Rules of the American Arbitration Association. If mediation is not timely requested or does not end in resolution of the dispute, then the parties agree to finally and exclusively resolve the dispute through binding arbitration, to be conducted in St. Charles County, MO in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator may only award or grant to the parties such remedies as a court of competent jurisdiction could award or grant within the locality where the arbitration takes place and may not award consequential or punitive damages. Judgment upon the award rendered by the arbitrator may be entered in any court having proper jurisdiction. Notwithstanding the foregoing, CEO shall not be required to pursue mediation or arbitration under this Paragraph 23 in connection with claims brought by CEO against Buyer arising out of Buyer's failure to pay for any Laser Products in whole or in part.

24. WAIVER OF JURY; JURISDICTION

CEO and Buyer expressly acknowledge that by signing this purchase order they are giving up their respective right to a jury trial with respect to any claims regarding, relating to or arising out of this purchase order. Without derogation of the arbitration provisions set forth in Paragraph 23, if a party has a legitimate need to seek relief from a court of law (i.e., to seek injunctive relief or to enforce an arbitration award), each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or in connection with this purchase order shall be brought exclusively in the United States District Court for the Eastern District of Missouri, or if such court does not have jurisdiction or will not accept jurisdiction, venue of any court of general jurisdiction in the County of St. Charles, Missouri; (ii) consents to the jurisdiction and venue of any such court in any suit, action or proceeding; and (iii) waives any objection which such party may have to the laying of venue of any such suit, action or proceeding in any such court.