

LCF SYSTEMS, INC Purchase Order/Sales Terms and Conditions

All orders are subject to acceptance by LCF Systems, Inc. Pursuant to the terms and conditions of this Agreement, the Seller agrees to transfer ownership and deliver possession to the Buyer, and the Buyer shall pay for and accept from the Seller, in such amounts and at such prices as agreed by the Parties. All goods ordered shall be subject to inspection and approval at destination by Buyer or its duly authorized representative after delivery to Buyer's facility. Payment for any goods shall not be deemed acceptance thereof or waiver of any right to test or inspect such goods.

1. PRICING and PAYMENT

PRICE AND PAYMENT. (a) Buyer shall not be billed at or charged prices higher than stated on this Purchase Order without the prior written consent of Buyer's Agent. The prices stated in this Purchase Order include packing, crating and transportation F.O.B. point shown. Seller agrees that any price reduction made on the Goods subsequent to the placement of this order and prior to delivery of all the Goods will be applicable to this order. (b) The cash discount period will date from the receipt by Buyer of the Goods or from the date of the invoice, whichever is later. Shipments sent C.O.D. will not be accepted and drafts will not be honored, without the prior written consent of Buyer's Agent, and all Goods attendant therewith will be at Seller's risk.

ADDITIONAL CHARGES. No charges not shown on the face of this Purchase Order will be allowed without the prior written consent of Buyer.

2. DELIVERY/SHIPPING/PACKAGING

If delivery of the goods is not completed by the time indicated on order, or Seller becomes insolvent or makes a general assignment for the benefit of creditors, or a petition in bankruptcy is filed by or against Seller, Buyer reserves the right without liability in addition to its other rights and remedies hereunder and at law and equity) to cancel this order by written or telegraphic notice or verbal notice confirmed in writing (which notice shall be effective when received by or communicated to Seller) as to any of the Goods not shipped, to purchase substitute goods elsewhere, and to charge Seller with any loss incurred.

If the SUPPLIER becomes aware of any circumstances that are likely to cause a delay in delivery of the ordered item(s), the SUPPLIER will immediately notify LCF Systems in writing stating the reason for the delay and the updated delivery date. Upon receipt of this information, LCF Systems reserves the right to keep or cancel the purchase order without liability or penalty. LCF Systems also reserves the right to cancel a purchase order if the SUPPLIER cannot meet the needs of an expedited purchase order.

Unless otherwise specified, all packing and packaging shall comply with manufacturer specifications, if available. If not packing and packaging shall be in accordance with best commercial practices. The price includes all charges for such packing, packaging, and FOB Destination. All shipments to LCF Systems must be visually identified with the Purchase Order number on the exterior of package/box so that

packages/boxes do not have to be opened to verify order. Unidentified shipments may be refused and returned to sender.

3. TERMINATION.

LCF Systems may at any time and for any reason terminate Seller's services, product, and work at LCF System's convenience. Upon receipt of such notice, Contractor shall, unless the notice directs otherwise, immediately discontinue the work and placing of orders for materials, facilities and supplies in connection with the performance of the order.

Upon such termination, Contractor shall be entitled to payment only as follows: (1) the actual cost of the work completed in conformity with the order; plus, (2) such other costs actually incurred by Seller as are permitted by the contract and approved by LCF Systems. There shall be deducted from such sums as provided in this subparagraph the amount of any payments made to Contractor prior to the date of the termination of this Agreement. Contractor shall not be entitled to any claim or claim of lien against Buyer for any additional compensation or damages in the event of such termination and payment.

Immediately on the termination of the order, for any reason, the Buyer must return to the Seller all documents, technical data, and equipment loaned by the Seller to Buyer for the purposes of or in connection with the Agreement.

4. QUALITY/ON TIME DELIVERY

Seller warrants that all of the Goods, material and work covered hereunder will conform to the specifications, drawings, samples, data or other description furnished to or by, or adopted by, the Buyer, and that the Goods will be of good material and workmanship, free from defects, merchantable and fit and sufficient for the purpose(s) intended.

Seller shall maintain a quality management system that is approved by FAA, European Aviation Safety Agency (EASA) or ISO9001/AS9100, or which is acceptable and appropriate for the items supplied hereunder and shall comply with general industry standards. Items supplied shall meet the requirements of the applicable technical specifications and documentation (drawings, specifications, standards, etc.). SUPPLIER must be an approved vendor within LCF System's Quality System. SUPPLIER of Calibration, inspection and/or testing services shall maintain a quality management system in accordance with ISO 17025, NADCAP or equivalent. Conformance records of calibration, inspection and/or testing services must be traceable to applicable sources and list methods and techniques used (National Institute of Standards and Technology [NIST], Original Equipment Manufacturer [OEM] specifications, etc.).

LCF expects suppliers to provide best effort to meet quoted delivery dates. Suppliers, who repeatedly fail to deliver satisfactory products, and/or repeatedly do not deliver on time despite earlier complaints and request for corrective action, are put on hold and may be removed from the approved supplier list.

5. APPROVED SOURCES OF SUPPLY

Approved sources must be used during the manufacture of the parts being ordered. Only sources approved by LCF Systems customers are to be used for the performance of all processes (i.e. plating, heat treating, NDT, etc.) as required in the blueprint specifications. Only sources approved by that customer are to be used in the performance of the work required by that order.

Suppliers shall ensure that their employees are aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior. (Ref AS9100 D, para 8.4.3m). Suppliers shall also establish and maintain a Counterfeit Prevention and Control Plan as applicable to the product. External Providers eligible for utilization of the Government-Industry Data Exchange Program (“GIDEP”) shall utilize the GIDEP process to alert the industry of encountered counterfeit parts.

6. TRACABILITY AND CERTIFICATION

All items must conform to the Original Equipment Manufacturers (OEM) specifications and tests. A Certification of Conformance must accompany the items from SUPPLIER’S facility. The LCF Systems purchase order number is to be included as a reference on all certifications. Invoices will not be paid without said certification. All material specifications and processing must be to the latest specification levels. SUPPLIER shall not deliver Counterfeit parts to LCF Systems under this purchase order. SUPPLIER shall only purchase products to be delivered to LCF Systems from the Original Component Manufacturer (OCM), or the Original Equipment Manufacturer (OEM), or through the OCM/OEM authorized distributor chain. Parts shall not be acquired from independent distributors or brokers unless approved in advance in writing by LCF Systems. Regardless of the source of procurement, SUPPLIER must provide OCM/OEM documentation that authenticates traceability of the part to the applicable OCM/OEM.

7. MATERIAL SAFETY

LCF Systems shall not be considered in default hereunder or be liable for any failure to perform or delay in If material is considered hazardous as defined by EPA, OSHA, DOT, or any other local, state, federal or foreign regulation, SUPPLIER must provide a Material Safety Data Sheet/Safety Data Sheet, along with the United Nations Hazardous Material Code (see 49 CFR 100 et. seq.) before or with the shipment.

8. INDEMNIFICATION

Seller shall indemnify, hold harmless, and at LCF’s request, defend LCF, its officers, directors, customers, agents and employees, against all claims, liabilities, damages, losses and expenses, including attorney’s fees and cost of suit arising out of or in any way connected with the Goods or Services provided under this Agreement, including, without limitation, any claim by a third party against LCF alleging that the Goods or Services, the results of such Services, or any other products or processes provided under this Agreement, infringe a patent, copyright, trademark, trade secret or other proprietary right of a third party, whether such are provided alone or in combination with other products, software or processes. Seller shall not settle any such suit or claim without LCF’s prior written approval. Seller agrees to pay or reimburse all costs that may be incurred by LCF in enforcing this indemnity, including attorney’s fees.

9. GOVERNING LAW.

This Agreement shall be governed by the laws of the state of Arizona In the event that litigation results from or arises out of this Agreement or the performance thereof, the Parties agree to reimburse the prevailing Party’s reasonable attorneys’ fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing Party may be entitled.

10. ASSIGNMENT & SEVERABILITY.

This Purchase Order shall not be assigned nor any duties delegated by Seller without the prior written consent of Buyer.

11. ENTIRE AGREEMENT.

This Agreement constitutes the final, complete, and exclusive statement of the agreement of the Parties with respect to the subject matter hereof, and supersedes any and all other prior and contemporaneous contracts and understandings, both written and oral, between the Parties.

12. AFFIRMATION OF THE PARTIES.

The Parties affirm that they have entered into this Agreement freely, voluntarily, and without reliance on any promises, representations, or other statements not contained in this Agreement and have read and understood this Agreement.

13. IMPORT/EXPORT AND ITAR COMPLIANCE

If SUPPLIER is engaged in the United States in the business of exporting, manufacturing, brokering, or any other value-added service of items controlled by the ITAR, SUPPLIER represents that it is registered with the Directorate of Defense Trade Controls (DDTC), as may be required by 22 C.F.R. 122.1 and/or 22 C.F.R. 129.3 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

14. RIGHT OF ACCESS TO FACILITIES

SUPPLIER hereby grants to LCF Systems, its customers, and any applicable regulatory agencies, the right to enter on its premises as well as other necessary places, during normal business hours, for the purpose of inspection of SUPPLIER'S facilities and systems to ensure SUPPLIER'S compliance with the terms and requirements of order, including the quality of the contracted work, records, and materials.

15. DEFECTIVE GOODS/ NONCONFORMING PRODUCT

If any of the Goods fail to comply with any of the terms of this Purchase Order, Seller shall promptly correct such discrepancy or replace such Goods at Seller's expense upon written or telegraphic notice or verbal notice confirmed in writing, of such discrepancy from Buyer, (which notice shall be effective when received by or communicated to Seller). If Seller shall fail to so act within 5 days of such notice, Buyer may cancel this order as to all such Goods by giving Seller notice in the manner described above, and in addition to its rights and remedies hereunder and at law and equity, Buyer may at its option, cancel the then remaining balance of this order by the same notice procedure, and as to all or any part of the Goods,

purchase substitute goods elsewhere and charge Seller with any loss incurred. After notice to Seller of a discrepancy, all such Goods will be held at Seller's risk until the discrepancy is corrected or such Goods are returned to Seller. Buyer may, and at Seller's direction shall, return such Goods to Seller at Seller's risk, and Seller shall pay all transportation charges, both to and from the original destination. Seller shall refund any payment for such Goods unless Seller promptly corrects the discrepancy or replaces the Goods at Seller's expense.

16. SALES TRACEABILITY

LCF Systems reserves the right to substitute OEM approved suppliers and processors.

17. RECORDS RETENTION

The Seller is required to retain all records related to this Order, including objective evidence of the quality of any items supplied (manufacturing, assembly, inspection, physical/chemical test reports, test and special process records and material certification records) for a period of seven (7) years after the final payment. Records shall be made available to Buyer upon request and at no additional charge.