

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

1. DEFINITIONS

The following terms have the meaning set forth below:

- a) **"Buyer"** means the business of KWD Manufacturing Inc. which issued this order;
- b) **"Customer"** means Buyer's customer at any tier including the U.S. Government;
- c) **"FAR"** means Federal Acquisition Regulations
- d) **"Seller"** means the person or entity to which this Order is addressed and issued;
- e) **"Supplies"** mean all articles, materials, goods, work, services, drawing, data, media, information, and other tangible and intangible property to be furnished by the Seller pursuant to this Order.
- f) **"Order"** means the ordering document issued by the Buyer, concluding these general terms and condition for Purchase Orders and any referenced documents;
- g) **"Products"** mean articles, materials and goods

2. ACCEPTANCE OF ORDER

Unless pursuant to a Long Term Agreement where acceptance will be in accordance with said Agreement, Seller shall be deemed to have accepted this Order upon the earliest of

- a) written acknowledgment by Seller,
- b) commencement of performance by Seller, or
- c) Seller's receipt of any payment partial or full, from Buyer under this Order.

By acceptance of this Order, Seller agrees to strictly comply with all of its terms and conditions and specifications, including those contained in all documents incorporated into this Order by reference. Buyer hereby rejects any different or additional terms in Seller's acceptance of this order or in any Seller provided documentation (e.g. any preprinted terms on the back of Seller's invoice, or Seller's acknowledgement)

3. PACKAGING AND SHIPMENTS

Seller shall make deliveries of all Supplies specified in this Order without charge for packaging, invoicing, crating or storage, unless otherwise provided for in this Order. All shipments of supplies shall be packaged in accordance with good commercial practices to insure that supplies are adequately protected from damage in shipment or handling. All shipments of supplies shall meet the shipping requirements found in the Department of Transportation Regulation 49 CFR, Occupational Safety and Health Administration Hazardous Communication Standard found in 29 CFR. Seller shall provide commercial bills of lading with each shipment and invoice, including the number of pieces in and the weight of the shipment. With each shipment Seller provides a packing list clearly referencing the Order number, line item, part number, size, quantities and serial numbers (if applicable). If delays caused by the Seller result in the need for premium transportation the additional cost for the premium shall be the sole responsibility of the Seller. The Seller must not prepay, insure, or declare value of any shipment unless specified in this Order.

4. COUNTERFIT PARTS PREVENTION

- a) For the purposes of this Order, Counterfeit Parts means a product produced or altered to resemble or imitate an original or genuine product or new item without the authority or right to do so. Such parts may be of new manufacture, but are misleadingly labeled to provide the impression they are of a different class or quality or from a different source than actually the case. A part if visual inspection, testing, or other information provides a reason to believe that the part may be a Counterfeit Part.
- b) Seller represent and warrants that only new and authentic material are used in the Products or Supplies to be delivered to the buyer under this order and Products or Supplies delivered contain no Counterfeit Parts or suspect Counterfeit Parts.
- c) Seller shall only purchase products to be delivered or incorporated as Products to Buyer directly from Original Manufacturer (OCM) Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Such products shall not be acquired from independent distributors or brokers unless approved in advance in writing by Buyer. Seller must make available to Buyer at Buyer's request, OCM/OEM documentation that authenticates traceability of the components to the applicable OCM/OEM.
- d) If this order is for a U.S. Government contract, Seller shall maintain a documented system (policy, procedure, or other documented approach equal to AS5553 or AS6174 as

applicable), consistent with industry standards for the detection and avoidance of Counterfeit Parts and suspected Counterfeit Parts, including policies and procedures for training personnel, designing and maintaining systems to mitigate risks associated with parts obsolescence, making sourcing decisions, ensuring traceability of parts and developing lists of trusted and untrusted suppliers.

- e) Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware that it has furnished Counterfeit Parts or suspect Counterfeit Parts to Buyer. Additionally, if this is a U.S. Government contract, for confirmed Counterfeit Parts, notification must also be made no later than 60 days after discovery to the Government – Industry Data Exchange Program (GIDEP). Seller shall cooperate with Buyer in any investigation relating to such Counterfeit Parts or Suspect Counterfeit Parts, including impounding by Buyer or government agencies of the Counterfeit Parts or suspect Counterfeit Parts for the purpose of investigation.
- f) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Order addressing the authenticity of Products. To the extent such provisions conflict with this clause, this clause shall prevail.
- g) In the event that Products delivered under this Order constitutes or includes Counterfeit Parts or suspect Counterfeit Parts, Seller shall at its expense, promptly replace such Products so as to conform to the requirements of this Order. Notwithstanding any other provision in this Order, Seller shall be liable for all costs relating to Counterfeit Parts or suspect Counterfeit Parts and the cost of rework or corrective action that may be required to remedy the use or inclusion of such parts, including without limitation Buyer's and Buyer's Customer's costs of removing Counterfeit Parts, of installing replacement Products and of any testing necessitated by the reinstallation of the Products after Counterfeit Parts have been exchanged. All such costs shall be deemed direct damages. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of this Order.

5. INSPECTION

- a) Unless otherwise agreed in writing, all supplies, and parts and materials thereof shall not have been previously used, scrapped or surpluses.
- b) All supplies ordered may be subject to
 - 1) inspection during the period of manufacture
 - 2) inspection prior to shipment and
 - 3) Final inspection and acceptance.
- c) Such inspection rights shall also extend to the Government if a Government prime contract number or a Defense Priority Allocation Rating (DPAR) number appears on the face of this order.
- d) Buyer may reject and hold at Seller's expense, subject to Seller's disposal instructions, all supplies not conforming to applicable specifications, drawings, samples and descriptions, or which are defective in design, material or workmanship. Without limiting any other rights it may have. Buyer may require the Seller at Buyer's option, to repair or replace at Seller's expense or to refund the price of any item of supplies which fails to meet the requirements of applicable specifications, drawings, samples or descriptions, or which are defective in design, material or workmanship. Supplies rejected or returned to the Seller shall not be rendered by Seller to Buyer unless notification of that effect is submitted to the Buyer with the render. Such notification shall, in case of reworked supplies, describe the rework performed and specify the quantities involved.
- e) Seller shall provide and maintain a Quality Control System acceptable to the Buyer as specified in the Order.
- f) Buyer reserves the right to audit Seller's records to assure compliance with the terms of this Order. Seller shall make available all data reasonably requested by the Buyer.
- g) The Seller shall retain and make available the Buyer access to those records for a period of five (5) years after the completion of this order.

6. WARRENTY

Seller warrants to Buyer and its customers that all Supplies covered by this Order shall strictly conform to the specifications, drawings, samples, symbols or other descriptions specified by Buyer; shall be free from any liens or encumbrances; shall be new, merchantable, and

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

free from defects in design, material and workmanship. Seller warrants that the Supplies shall continue to be free from defects in design, material and workmanship for the period stated in this Order or Identified by the Seller.

These warranties are in addition to all other warranties specified herein or implied by law and shall survive acceptance and payment. All warranties shall run to Buyer, its successors, assigns, customers, and the users of the supplies

7. CHANGES

Only the Buyers Procurement Representative has authority to make changes in, to amend, or to modify this Order on behalf of BUYER. Such changes, amendments or modifications must be in writing and signed by BUYERS Procurement Representative.

Buyer may at any time by written notice and without written notice to the sureties or assignees, if any, make changes within the general scope of this order in any one or more of the following:

- (i) drawings, designs, or specifications,
 - (ii) method of shipping or packing,
 - (iii) place of inspection, acceptance or delivery and by delivery schedule
- a) Should any change, under items (i) (ii), or (iii) above increase or decrease the time required for performance of this order, an equitable adjustment shall be made in the delivery schedule, and the purchase order shall be modified in writing accordingly. Any claim by Seller for schedule adjustment, due to changes under item (i), (ii), or (iii) above must be filed in writing within ten (10) calendar days of the date of receipt by Seller of the written notification of change.
 - b) Should any change increase or decrease in the cost of performance of this order an equitable adjustment shall be made in the price and the purchase order shall be modified in writing within thirty (30) days from the date of receipt by Seller of the written notification of change and shall, at Buyer's request, be accompanied by an estimate of charges for redundant material or work-in-process.
 - c) Should any changes cause, or result in, redundant material or work-in-process, any claim covering such redundant material or work-in-process must be submitted within six (6) months from the date of receipt of written notification of the change and be on the forms and in the detail prescribed by FAR 43-205.
 - d) Nothing contained in this clause shall excuse Seller from proceeding without delay with this order as changed. Failure to submit any claim within the applicable time period shall constitute a waiver of such claim unless Buyer has granted an extension in writing prior to the expiration of such period.

8. DELIVERY

- a) Shipment. Delivery shall be FOB origin unless otherwise noted on the Order. Deliveries shall be strictly in accordance with Buyer's delivery schedule, and time is of the essence for this Order, and no acts of Buyer, including without limitation, modifications to this Order or acceptance of late deliveries, shall constitute a waiver of this provision
- b) Schedule/Timely Performance. In the event of any anticipated or actual delay including but not limited to delays attributed to labor disputes, Seller shall:
 - (I) Promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay;
 - (II) Provide Buyer with a written recovery schedule;
 - (III) If requested by Buyer, ship via air or other expedited routing, at no additional cost to Buyer, to avoid or minimize delay to the maximum extent possible.
- c) Early shipments/Over shipments. Seller shall not make product commitments or production arrangements in excess of the amount or in advance of the time necessary to meet buyer's delivery schedule, and, unless otherwise specified herein, no deliveries shall be made in advance of the Buyer's delivery schedule unless approved in writing by the Buyer
- d) Mark on the outside each exterior container
 - (I) the purchase order number or numbers of the supplies packed in that container
 - (II) the sequence and quantity of each exterior container in each shipment (such as 1 or 3)

(III) The bill of lading/express receipt number if supplies ship against more than one purchase order number.

(IV) Part Number, description and quantity

- e) For each shipment against each purchase order, provide packing list and attach to the number one exterior container where shipments under each purchase order are combined in a single exterior container under a single bill of lading/express receipt, provide separate intermediate containers for all supplies being shipped under each purchase order number and attach applicable packing list to each container. Show purchase order number, and/or RFID number as applicable on all paper. Do not declare value on express or air shipments or insure parcel post if Buyer's risk. Release all shipments at lowest valuation published in carrier's tariff. Seller must communicate pertinent shipping information upon shipment to Buyer.

9. TITLE LOSS RISK

Title to Supplies shall pass to Buyer only upon Buyer's final acceptance of the Supplies; however, passing of title shall not relieve Seller of any other obligation under this Order. Risk of loss or damage shall remain with Seller until delivery to Buyer at Buyer's designated facility, except that risk of loss or damage to Supplies that do not conform with the requirements of this Order shall remain with Seller until cured and /or until Buyer's final acceptance.

10. INDEMNIFICATION

In the event Seller, its employees, agents, subcontractors and/or lower subcontractors enter in the performance of this order premises occupied by or under the control of Buyer, the Government or third parties, Seller shall indemnify and hold harmless Buyer, its offices and employees from any loss, cost, damage, expense or liability by reason of property damage or personal injury of whatever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or in part by the actions or omissions of Seller, its employees, agents, subcontractors and/or lower-tier subcontractors; and Seller agrees that it and its subcontractors and lower-tier subcontractors will maintain general liability insurance including both bodily injury liability and property damage liability in reasonable limits covering the obligations set forth above, and will maintain Workman's Compensation insurance as required by the applicable Workman's Compensation law covering all employees performing this order.

11. DRAWINGS

Seller acknowledges that it has available to it all specifications, drawings, data and other documents referenced in this Order and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.

- a) Buyer's Drawings. All drawings, specifications and data furnished by Buyer to Seller hereunder shall remain the property of Buyer or Buyer's Customer (as the case may be) and shall not be disclosed by Seller and shall be used by Seller only as and to the extent required for the performance of this Order, unless otherwise approved by Buyer in writing. Upon completion of work by Seller under this Order and upon Buyer's request, Seller shall promptly return to Buyer all drawings specifications and other data furnished by Buyer in connection herewith, together with all copies or reprints in Seller's possession or control, and Seller shall thereafter make no further use, either directly or indirectly, of any such drawings, specifications, data or an information derived there from, without Buyer's prior written consent.
- b) Seller's Drawings. If the performance of the Order obligates Seller to develop and deliver drawings, stress reports or schematics all data becomes the property of the Buyer. However this does not relieve the Seller of in any way form design responsibility for the data provided.

12. PROTECTION OF PROPRIETARY INFORMATION

Any information of the Buyer identified as confidential or proprietary that is provided by Buyer to Seller (hereinafter referred to as "Proprietary Information") shall remain the property of Buyer. Seller agrees to comply with all proprietary information marking and restrictive legends applied by Proprietary Information.

Seller agrees to use Proprietary Information only for the purpose of performing under this Order and agrees not to disclose such information to third parties or Seller's affiliates and suppliers without

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

the prior written consent of Buyer, The Seller shall disclose Proprietary Information only to its employees having a "need to know" and shall ensure that each such employee is aware of this clause and has agreed to abide by its provisions.

13. ASSIGNMENTS

Seller shall not assign any of its rights or interest in this Order or all or substantially all of its performance of this Order, without Buyer's prior written consent. Seller shall not delegate any of its duties or obligations under this Order. No assignment, delegation or subcontracting by Seller, with or without Buyer's written consent, shall relieve Seller of obligations under this Order or prejudice any of Buyer's rights against Seller. An assignment without Buyer's written consent is ineffective and void. Seller may, however assign rights to be paid amounts due, or to become due, to a financing institution. If Buyer is promptly furnished a signed copy of such assignment reasonably in advance of the due date for payment of any such amounts. Amounts assigned shall be subject to set-off or recoupment for any present or future claims of Buyer against Seller. Notwithstanding anything herein to the contrary, Buyer may assign this Order to an affiliate of or successor in interest to Buyer, at any time, after providing Seller with written notice of such assignment.

14. TOOLING

Title to and the right of immediate possession of all tooling or material which is identified by the Buyer to Seller shall remain the Buyer's, except title to tooling or material which is identified as Government property shall remain in the Government. Buyer does not guarantee the accuracy of any tooling or the quality or suitability of any material supplied by it. Invoices shall be submitted for tooling after acceptance by Buyer of sample or production parts for which the tooling was ordered. Payment by Buyer of invoices for tooling will be made following receipt of a Seller Receiving Memorandum showing Buyer's part number and tool code number and the unit price of each tooling which payment is sought and bearing Seller's certification that each tool listed is completed and satisfactory for the use for which it is intended. Such tooling shall be maintained in good condition and must be permanently identified showing the Government prime contract number (if one is indicated on this order) the part number and tool code number. If tooling is the property of the Government it shall be so identified. All such tooling ordered by Buyer or the Government has received such solely in the performance of work ordered by Buyer or the Government where the Government has received rights from the Buyer. Such tooling and property shall be subject at all times to disposition as Buyer may direct and shall not be commingled with property belonging to Seller or others. Seller agrees to maintain inventory control of all such tooling and property and to furnish procurement of supplies for use in the performance of this order.

15. FURNISHED PROPERTY

- a) All drawings, tools, jigs, dies, fixtures, materials, supplies, product and other property paid for by Buyer shall be and remain the property of Buyer; and if Seller fails to return such property upon Buyer's demand, Buyer shall have the right, upon reasonable notice, to enter Seller's premises and remove any such property at any time without being liable for trespasses or damages of any sort.
- b) All such items shall be used only in the performance of work under this Order unless Buyer consents otherwise in writing. Seller shall have the obligation to maintain any and all property furnished by Buyer to Seller and all property to which Buyer acquires an interest by this Order and shall be responsible for all loss or damage to said property except for normal wear and tear. For U.S. Government contracts, Seller's responsibility for loss or damage to said property shall be determined in accordance with FAR Part 52.245-1 or FAR Part 52.245-1 Alternate I, as applicable.
- c) Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss or damage.

16. FORCE MAJEURE

Neither party shall be liable for delays in delivery caused by circumstances beyond its reasonable control and without its fault or negligence including strikes, lockouts, riots, epidemics, war, fire, flood, explosion, acts of God, or acts of terrorism. In no event shall shipping delays, Supplies shortage, or lack of finances or cash flow shortages be considered as a cause beyond the control of a party. The party affected by the Force Majeure shall give prompt written notice thereof

and, upon cessation of the Force Majeure, take all reasonable steps to resume compliance with its obligations. If Seller's failure is caused by the failure of a subcontractor of Seller and if such failure arises out of causes beyond the reasonable control of both, and if such failure is without the fault or negligence of either, Seller shall not be liable for excess re-procurement costs unless the Supplies to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedules. Notwithstanding the above, if such delays extend Seller's delivery or performance date by more than thirty (30) days, Buyer may terminate such part or this order remaining to be performed. In the event of such termination, the right and obligations of the parties shall be determined in accordance with the provisions of Clause 18 Termination for Convenience.

17. SUSPENSION OF WORK

- a) Seller shall suspend work for up to ninety (90) days in accordance with any written notice received from Buyer, or for such longer period of time as the parties may agree. Seller shall take all reasonable steps to minimize the incurrence of costs allowable to the work during the period of the suspension of work.
- b) Within such period, Buyer will either terminate in accordance with the provision of this Order (Termination for Default or for Convenience) or continue the work by written notice to Seller. In the event of a continuation, an equitable adjustment, in accordance with the "changes" clause herein shall be made to the price, delivery schedule, or other provision affected by the work stoppage.

18. TERMINATION FOR CONVENIENCE

- a) Buyer may terminate, for its convenience, the whole or any part of the work required under this Order by delivering a notice of termination to the Seller specifying the work terminated and the effective date thereof.
- b) Upon receipt of the said notice, Seller must immediately cease work and shall immediately cause any and all of its suppliers and subcontractors to cease work, including but not limited to the manufacture and procurement of material for the fulfillment of the terminated portion of the Order, and upon request deliver to Buyer all completed and partially completed Supplies and work in process, as well as any other deliverables describe below.
- c) In the event Seller has a claim for adjustment, it must notify Buyer in writing of its intent to file a claim within twenty-one (21) calendar days from the effective date of termination. Seller's final termination claim must be submitted to Buyer within sixty (60) calendar days from the date from the seller's intent to file a claim was submitted to the Buyer. Seller shall have no other remedies after this period.
- d) Buyer's only obligation shall be to pay Seller a percentage of the price reflecting the percentage of the work performed prior to the notice of termination plus reasonable charges. Seller can demonstrate to the satisfaction of Buyer using its standard recordkeeping system have resulted from the termination. Seller shall not be paid for any work performed or costs incurred that reasonably could have been avoided.
- e) In no event shall Buyer be liable for lost or anticipated profits, unabsorbed indirect costs or overhead, or any amount in excess of the total Order price.
- f) Upon buyer's request Seller shall make available to Buyer, books, records or documents supporting Seller's termination claim proposal.
- g) Upon Buyer's payment to Seller, title to all deliverables shall vest in Buyer. Deliverables include, but are not limited to: supplies, technical data, tooling, work in process, tooling, plans, drawings specifications product or other information acquired under this Order.

19. TERMINATION FOR DEFAULT

- a) Buyer may, by written notice of default to Seller, terminate the whole or any part of this Order if Seller;
 - (I) fails to make delivery of the Supplies or to perform the work services within the time specified herein;
 - (II) fails to perform any other provision of this Order or breaches any of the terms hereof;
 - (III) fails to provide adequate assurance of future performance

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

- (IV) fails to make progress so as to endanger performance of this Order in accordance with its terms: or
- (V) files or has filed against it a petition in bankruptcy or becomes insolvent or suffers a material adverse change in financial condition.
- b) Seller shall have ten (10) days (or such longer period as Buyer may authorize in writing) to cure any such failure after receipt of notice from Buyer specifying such failure. Upon failure to cure the default, Buyer may give Seller written notice of Termination for Default. Default involving delivery schedule delays or adverse change in financial condition shall not be subject to the cure provision
- c) Following a termination for default of this Order, Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any
 - (I) Completed supplies or product
 - (II) partially completed, supplies, product, materials, parts, tools, dies, jigs, fixtures, plans, drawings, specifications, information and contract rights (collectively "Manufacturing Materials") that Seller has specifically produced or acquired for the termination portion of this Order. Upon direction from Buyer, Seller shall also protect and preserve property in its possession in which Buyer or its customer has an interest.
- d) If Buyer terminates this Order in whole or in part, in addition to any other remedies of Buyer at law or equity or under this Order, Buyer may procure, upon such terms and in such manner a Buyer deems appropriate, Products similar to those terminated and Seller shall pay Buyer upon demand all excess procurement costs (including administrative cost) that Buyer may incur for such procurement. If after termination for default under this Order, it is determined that Seller was not in default such termination shall be deemed a termination for convenience.

20. PATENTS

- a) Seller agrees
 - (I) that to the extent that the supplies are manufactured to detailed designs not originated and furnished by Buyer or by a process or method not specifically directed by Buyer. Buyer shall have no responsibility to Seller and
 - (II) guarantees that, except where Buyer has responsibility under (I), the sale or use of such supplies delivered hereunder will not infringe any United States (or foreign, if the contract block contains neither a government contract number nor the word "Military") and agrees to indemnify and hold Buyer and its customers harmless from any expenses, loss, cost, damage, or liability which may be incurred in account of infringement or alleged infringement of patent rights with respect to such supplies,
 - (III) to defend at its own expense, any action or claim in which such infringement is alleged provided. Seller is notified as to such actions or claims against Buyer. Indemnification as to use shall not apply to infringements arising from use in combination with other items where infringement would not have occurred from the normal use for which the article was designed.
- b) That manufactured parts based on Buyer's designs, drawings or specifications may not be used in any manner for Seller's or Seller's affiliates and suppliers own use or sold to third parties without the expressed written consent of the Buyer.

21. WORK ON BUYER'S OR IT'S CUSTOMERS FACILITY

- a) If this Order involves work by Seller on Buyer's or Buyer's Customer's premises Seller and Seller's Suppliers shall comply with all safety and security regulations and shall take all precautions required by Buyer or otherwise necessary to prevent that occurrence of any injury or damage that occurs.
- b) Seller shall provide timely notice to Buyer prior to the introduction to the premises of any hazardous materials, as defined in any Federal, state, or local law or ordinance or in any lawful order, rule or regulation there under applicable to the premises. Seller shall equip its employees, agents and subcontractors for the use of such hazardous materials and for

the use of such other hazardous materials, as identified by buyer to Seller, used by Buyer on the premises.

- c) Buyer may, at its sole discretion, remove or require Seller to remove any specified personnel of Seller from Buyer's or Buyers' Customer's premises and request that such personnel not be reassigned to a Buyer premises under this Order. Any costs arising from or related to removal of Seller's employee shall be borne solely by Seller and not charged to this Order.
- d) Seller shall carry Commercial General Liability insurance in the amount of \$2,000,000.00 combined single limit per occurrence including products/completed operations and contractual liability coverage)
- e) Seller shall carry Workers' Compensation statutory for the jurisdiction where the work is to be performed including Federal Acts if applicable employers' liability \$1,000,000.00 per incident per employee.
- f) Insurance requirements at the value specifically called out in the Order.
- g) I-9 Documentation for all employees and sub-contractors.

22. TAXES

- a) Unless this Order specifies otherwise, the price of this Order includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this Order except applicable sales and use taxes that are separately stated on Seller's invoice.
- b) Prices shall not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption. In case it shall be determined that any tax included in the price herein was not required to be paid by Seller, Seller agrees to notify Buyer, to make prompt application for the refund thereof to take all proper steps to procure the same and when received, promptly pay the same to Buyer.

23. INVOICES

- a) The Seller shall submit an invoice promptly after delivery of the item clearly identifying and supplying.
 - (I) Part Number
 - (II) Buyer's Order Number
 - (III) Date Shipped
 - (IV) Bill of Lading
 - (V) Certification of Conformance
 - (VI) Material test reports for raw material
- b) Unless otherwise stated on the Order the terms of sale is net 30 days after receipt of inspected and accepted parts with the supporting documentation listed above provided.

24. DISPUTES

- a) The provisions of this Order shall be interpreted in accordance with the laws of the State of Texas with resort to said state's Conflict of Law rule, and in accordance with its fair meaning and not strictly against either party. The Buyer and the Seller specifically disclaim application to this Order of the United Nations Convention on Contracts for the international Sale of Good (CSG). The Seller hereby irrevocably consents to venue in a Federal or State Court in Texas of competent jurisdiction.
- b) Pending final resolution of a dispute hereunder, Seller shall proceed diligently with the performance of this order and in accordance with all the Terms and Conditions contained herein and with the Buyer's direction thereof. Buyer and Seller shall bear its own cost of processing any dispute hereunder. In the event shall the Seller acquire any direct claim of direct course of action against the United States Government. The rights and remedies of the Buyer cumulative and in addition to any other rights and remedies prided by law or in equity.

25. ATTORNEYS FEES

If buyer brings an action or asserts a counterclaim for enforcement of the terms and conditions of this Order, then the Seller agrees that the Buyer shall be entitled to an award of its reasonable attorney's fees and court cost associated with such enforcement or counterclaim proceedings.

26. SURVIVABILITY

All of the provisions of this Order shall survive the termination (whether for convenience or default), suspension or completion of this Order

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

unless they are clearly intended to apply only during the term of this Order.

27. SEVERABILITY

Each clause, paragraph, and subparagraph of this clause is severable, and if one or more of them are declared in valid, the remaining provisions of this Order will remain in full force and effect.

28. WAIVER

Failure by Buyer to enforce any provision(s) of this Order shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of Buyer thereafter to enforce each and every such provision(s).

29. ORDER OF PRECEDENCE

In the event of a conflict between these Terms and Conditions and other portions of the Order, the Order precedence shall be:

- a) Any typed provisions on the face of Buyer's Order specifically modifying the terms of this Order;
- b) These Terms and Conditions;
- c) Any other provisions set forth in the Buyer's Order including any terms and conditions stated or referenced therein.

30. COMPLIANCE WITH LAW

a) The provisions of the Order shall be interpreted in accordance with the laws of the State of Texas without its conflicts of law's provisions, except that any provision in the Order that is

- (I) Incorporated in full text or by reference from the Federal Acquisition Regulations(FAR);
- (II) Incorporated in full text or by reference from any agency regulation that implements or supplements the FAR or;
- (III) That is substantial based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, boards of contracts appeals, and quasi-judicial agencies of the federal Government.

b) Seller, in the performance of this Order, shall comply with all applicable local, state, and federal laws, orders, rules, regulations, ordinances, guidelines, directives, FAA, DOT and other transportation regulations and Hazard Communication Standards promulgated pursuant to the Occupational Health and Safety Act. Seller shall procure all licenses/permits; pay all fees, and other required charges.

c) Seller represents that each chemical substance constituting or contained in products sold or otherwise transferred to Buyer hereunder is on the list of chemical substances compiled and published by the Administrator of pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.) as amended.

d) **Export Control and Compliance** Seller shall control the dissemination and access to technical data, information and other items received under this Order in accordance with U.S. export control laws and regulation. If this order involves the delivery of products, software, technical data or services (which includes design, assembly, testing, repair, maintenance or modification to Buyers products or technologies) subject to United States export control laws and regulations Seller shall comply with all applicable U.S. export and re-export control laws and regulations and any local government export regulation.

(I) **ITAR Control and Compliance** – Companies engaged in manufacturing or modification to Defense Articles or furnishing Defense Services (whether or not the Defense Articles or Services are intended for export) are required to register with the Department of States, Directorate of Defense Trade Controls (“DDTC”) in accordance with ITAR 22 C.F.R. 122. If so engaged, seller, by its offer and /or acceptance of this order, represents that it is registered with the DDTC. Proof of such registration will be promptly provided to Buyer upon request.

(II) **Non-U.S. Companies** – Non – U.S. companies shall be registered as required under its local government export regulations. Canadian companies must be registered by the Canadian Federal or Provincial government authorities.

(III) Seller shall maintain its registration throughout the complete period of performance of this Order, including any warranty period, and shall immediately notify Buyer in the event that any such registration and/or other required authorization is revoked, expired or invalidated for any reason.

(IV) Where Seller holds an export license or export agreement (e.g. TAA, MLA), Seller shall provide prompt notification to the Buyer Procurement Representative in the event of changed circumstances including, but not limited to, ineligibility, a violation or potential of the ITAR, and the initiation or existence of a U.S. Government investigation, that could affect the Seller's performance under this subcontract.

(V) Seller shall provide appropriate Registration and Certifications to Buyer regarding the classification of the Products(s) procured under this Order on either the United States Munitions List (USML) the Commerce Control List (CCL) or the applicable Country's equivalent thereof. Furthermore Seller shall provide the USML Category or Export Control Classification Number (ECCN) to Buyer as applicable.

e) Seller shall:

(I) Comply with the requirements of the Foreign Corrupt Practices Act, as amended, (FCPA) (15U.S.C 78dd-1 et. seq.), regardless of whether Seller is within the jurisdiction of the United States;

(II) Neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value to a non – U.S. public official or any person in violation of the FCPA and /or in violation of any applicable country laws relating to anti-corruption or anti-bribery; and,

(III) Seller hereby agrees not to interact with any government official, political party or public international organization on behalf of Buyer without the prior written permission of the Buyer's Procurement Representative.

f) Seller's failure to comply with the entirety of this clause shall be immediate cause for default.

31. CONFLICT MINERALS

Seller acknowledges KWD must comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) and the implementing rule promulgated by the U.S. Securities and Exchange Commission (“SEC”) with will require reporting related to tin, tantalum, tungsten and gold (the “Conflict Minerals”) contained in products sold by Buyer. Seller shall promptly provide such written certifications concerning Conflict Minerals contained in Products, components, parts and materials supplied to Buyer. Seller shall promptly provide such written certifications concerning Conflict Minerals contained in Products, components, parts and materials supplied to the Buyer by Seller and Buyer may request from time to time certifying that;

(I) Whether the products, components, parts or materials supplied to the buyer contain Conflict Minerals and

(II) Whether the source of any such Conflict Minerals not derived from recycled or scrap materials may be from the Democratic Republic of the Congo or an adjoining country and if so to perform due diligence to identify the facilities used to process such Conflict Minerals.

32. GRATUITIES, KICKBACKS, BUSINESS CONDUCT AND ETHICS

Buyer is committed to building strong business relationships with its suppliers based on lawful, honest, ethical, and impartial business practices. Buyer's expectation is that Seller will also conduct its business in a lawful, honest, ethical, and impartial manner. Seller (or any agent or representative of Seller) shall not offer or provide gratuities or kickbacks to any employee of Buyer's, failure of Seller to honor this commitment may, at Buyer's option, result in immediate termination of the Order in accordance with clause 19 without provision for cure. Buyer's further expectations that Seller will have (or will develop) and adhere to a code of ethical standards. If Seller has cause to believe that Buyer or any employee of agent of Buyer has behaved improperly or unethically in connection with this Order, Seller shall report such behavior in accordance with the KWD Code of Business Ethics located at www.kwdmfg.com.

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

33. SUPPLEMENTAL TERMS AND CONDITIONS UNDER U.S. GOVERNMENT CONTRACT

When the supplies are for use in connection with a U.S. Government prime contract or subcontract, in addition to the above General Terms and Conditions shall apply as required by the terms of the prime contract, or by operation of law or regulation. Buyer is flowing down to Sellers certain provisions and clauses from the Federal Acquisition Regulation (FAR), Department of Defense FAR Supplement (DFARS). These FAR Clauses are hereby incorporated by reference, as applicable. FAR Clauses inapplicable to the performance of this Order under Buyer's Government contract are self-deleting.

FAR's Applicable to all orders:

<u>FAR Clause</u>	<u>Title</u>
52.203-3	Gratuities
52.203-7	Anti-Kickback Procedures
52.204-2	Security Requirements
52.204-9	Personal Identity Verification
52.208-1	Required Source for Jewel Bearings and Related Items
52.210-5	New Material
52.211-5	Materials Requirements
52.212.8	Priorities, Allocations and Allotments
52.212-13	Stop Work Orders
52.215-1	Examination of Records by Comptroller General
52.215-2	Audit – Negotiation
52.215-22	Limitations on Pass-Through Charges
52.215-26	Integrity of Unit Prices
52.219-8	Utilization of Small Business Concerns
52.219-13	Utilization of Woman Owned Small Businesses
52.222-1	Notice to Government of Labor Disputes
52.222-3	Convict Labor
52.222-4	Overtime Compensation-General
52.222-20	Walsh-Healey Act
52.222-21	Prohibition of Segregated Facilities
52.222-26	Equal Opportunity
52.222-35	Equal Opportunity for Veterans
52.222-36	Affirmative Action for Handicapped Workers
52.222-41	Service Contract Act of 1965
52.222-50	Combating Trafficking in Persons
52.222-54	Employee Eligibility Verification
52.223-3	Hazardous Material Identification and Material Safety
52.223-6	Drug Free Workforce
52.223-11	Ozone-Depleting Substances
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving
52.225-1	Buy American Act -Supplies

<u>FAR Clause</u>	<u>Title</u>
52.225-3	Buy American Act and Balance of Payments Program
52.225-10	Duty Free Entry
52.225-11	Certain Communists Area
52.225-13	Restrictions on Certain Foreign Purchases
52.225-20	Prohibition on Conducting Restricted Business Operations in Sudan
52.227-1	Authorization and Consent
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.227-10	Matter Filling of Patent Applications – Classified Subject
52.227-11	Patent Rights Contractor
52.227-13	Patent Rights Government
52.227-14	Rights in Technical Data and Computer Software
52.227-16	Additional Data Requirements
52.232-11	Extras
52.232-17	Interest
52.232-23	Assignment of Claims
52.232-40	Providing Accelerated Payments to Small Business
52.234-1	Industrial Resources Developed in Defense Productions Act
52.242-15	Stop Work Order
52.245-1	Government Property
52.246-23	Limitation of Liability
52.247-63	Preference for US Flag Air Carriers
52.247-64	Preference for Privately Owned US Flag Ship
52.249-2	Termination for Convenience

DFAR's Applicable to all orders:

<u>FAR Clause</u>	<u>Title</u>
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies (Contracts Exceeding \$150,000.00)
252.203-7002	Whistleblowers Rights
252.204-7000	Disclosure of Information
252.209-7004	Subcontracting with Firms that are Owned or Controlled by the Government of a Terrorist Country (Contracts Exceeding \$30,000.00)
252.211-7003	Item Identification and Valuation
252.211-7007	Reporting of Government Furnished Property
252.222-7000	Restrictions on Employment of Personnel
252.223-7001	Hazard Warning Labels
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials

KWD MANUFACTURING GENERAL TERMS AND CONDITIONS OF PURCHASE

<u>FAR Clause</u>	<u>Title</u>	<u>FAR Clause</u>	<u>Title</u>
252.225-7001	Buy6 American and Balance of Payments Program	252.227-7039	Patents-Reporting of Subject Inventions
252.225-7007	Prohibition on Acquisition of United States Munitions List Items From Communist Chin	252.228-7001	Ground and Flight Risks
252.225-7008	Restrictions on Acquisition of Specialty Metals (Contracts Exceeding \$150,000.00)	252.228-7005	Accident Reporting and Investigation Involving Aircraft
252.225-7009	Restrictions on Acquisition of Certain Articles Containing Specialty Metals (Contracts Exceeding \$150,000.00)	252.228-7011	Reporting of Foreign Taxes
252.225-7010	Commercial Derivative Military Article Specialty Metals	252.243-7001	Pricing of Contract Modifications
252.225-7009	Preference for Certain Domestic Commodities (Contracts Exceeding \$150,000.00)	252.244-7000	Subcontracts for Commercial Items
252.225-7013	Duty Free Entry	252.244-7001	Tagging Labeling and Marking of Government Furnished Property
252.225-7016	Restrictions on Acquisition of Ball and Roller Bearings	252.246-7001	Warranty of Data
252.225-7021	Trade Agreements	252.246-7003	Notification of Potential Safety Issues
252.225-7028	Exclusionary Policies and Practices of Foreign Governments	252.247-7023	Transportation of Supplies by Sea
252.225-7030	Restrictions on Acquisition of Carbon Alloy and Armor Steel Plate	252.247-7024	Notification of Transportations of Supplies by Sea
252.225-7040	Contractor Personnel Authorized to Accompany US Armed Forces Deployed Outside the United States		
252.225-7040	Antiterrorism/Force Protection for Defense Contractors Outside the United States		
252.227-7013	Rights in Technical Data Noncommercial Items		
252.227-7015	Technical Data-Commercial Items		
252.227-7016	Rights to Bid and Proposal Information		
252.227-7017	Identification and Assertion of Use, Release, or Disclosure Restrictions		
252.227-7018	Rights in Noncommercial Technical Data and Computer Software		
252.227-7019	Validation and Asserted Restrictions-Computer Software		
252.227-7025	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends		
252.227-7026	Deferred Delivery of Technical Data or Computer Software		
252.227-7027	Deferred Ordering of Technical Data or Computer Software		
252.227-7028	Technical Data or Computer Software Previously Delivered to the Government		
252.227-7030	Technical Data-Withholding of Payment		
252.227-7032	Rights in Technical Data and Computer Software (Foreign)		
252.227-7033	Rights in Shop Drawings		
252.227-7037	Validation of Restrictive Markings on Technical Data		
252.227-7038	Patent Rights-Ownership by the Contractor		