



3025 East Victoria Street Rancho Dominguez, CA 90221 310-638-0595 Fax 310-631-2884

Purchase Order Terms and Conditions

Acceptance

Seller's commencement of work on the goods or services subject to a Purchase Order or shipment of such goods or services, whichever occurs first, shall be deemed an effective mode of acceptance of a Purchase Order. Acceptance of a Purchase Order constitutes an agreement to follow and be bound by the Terms and Conditions. No change in, modification of, or revision of a Purchase Order, shall be valid unless agreed to in writing by FS Precision Tech hereinafter called "Buyer".

Raw Materials

Raw material shall be accompanied with certifications, chemical and/or physical test results. Seller shall certify the specific requirements defined on the face of the Purchase Order.

Inspection, Testing and Nonconforming Material

All equipment, parts, materials and workmanship to be furnished under the Purchase Order shall be subject to inspection and test by representatives of Buyer. Such inspection and test shall not relieve Seller from any responsibility regarding defect or other failures to meet requirements and shall not be deemed an acceptance by Buyer. Seller shall notify Buyer of any nonconforming processes, products, and obtain Buyer's approval for disposition. Payment for the goods delivered hereunder shall not constitute acceptance thereof. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and, in addition to Buyer's other rights, Buyer may charge Seller all expenses of unpacking, examining, repacking and reshipping of such goods. In the event Buyer receives goods whose defects or nonconformities are not apparent on examination, Buyer reserves the right to require replacement, as well as payment for damages.

Seller shall also maintain a system that clearly identifies, documents, controls, and segregates materials that do not conform to the warranties under these terms and conditions and provide evidence thereof.. Seller shall record in his quality documentation for all products, how and by whom a quality inspection ensuring defect-free production was carried out. These records shall be kept for 15 years as of the last time Buyer placed the final product on the market and shall be provided to Buyer if required. These records must be stored in a protected area, legible, and be retrievable and identifiable easily upon request of Buyer's associates or their customers and regulatory authorities as approved by Buyer. Seller shall be entitled to shorten the retention period if he can exclude any risk of life and health in the use of the products. Seller shall contact Buyer prior to disposition / disposal of records to ensure that Buyer is aware of disposition and/or disposal actions. Buyer reserves right to request records be transferred to Buyer's office rather than Seller disposing of records.



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Should Seller identify any nonconformity, including latent defects after a product is purchased, Seller shall notify Buyer of those nonconformities and 1) offer Buyer the opportunity to accept product with the nonconformity, or 2) make arrangements to replace or return the nonconforming product(s) at no cost to Buyer.

Right of Entry

Seller shall grant representatives of Buyer, its customers, and/or regulatory agencies, reasonable access to Seller's facilities and records, for the purpose of evaluating Seller's conformance to all Purchase Order requirements. When applicable, the access requirement shall be flowed down by Seller to Seller's sub-tier sources.

Quantities

Unless otherwise agreed in writing, any variation in quantities shipped over or under the quantities ordered (not to exceed 25%) by the Buyer shall constitute compliance with the Purchase Order and the stated price per item or service will continue to apply.

Deliver and Delivery Dates, Late Delivery, Penalty

Any agreed delivery dates and terms shall be binding. Decisive for on-time delivery shall be the date the goods are received at the delivery address agreed with or designated by Buyer. Delivery should be made FOB destination. Acceptance of late deliveries without reservation shall not be deemed to be a waiver of any claims to which the Buyer is entitled due to late delivery. Should Seller anticipate difficulties that may prevent him from delivering on time or in the agreed quantity, he shall notify Buyer thereof immediately, stating the reasons. IN ADDITION, BUYER SHALL BE ENTITLED TO DEMAND PAYMENT OF A PENALTY AMOUNTING TO 0.5% OF THE VALUE OF THE LATE GOODS, FOR EACH WORKING DAY OF LATE DELIVERY. THE PENALTY SHALL BE IN ADDITION TO ANY CLAIMS FOR ACTUAL DAMAGES DUE TO LATE DELIVERY. THE PENALTY MAY BE ASSERTED UNTIL THE AGREED PRICE HAS BEEN PAID IN FULL. Seller shall bear the performance risk until acceptance of Buyer or his agent at the location, to which goods shall be delivered in accordance with the Purchase Order.

Price Warranty

Seller warrants that the prices for the goods or services sold to Buyer hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Seller reduces its price for such goods and services during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that prices shown on the Purchase Order shall be complete, and no additional charges of any type shall be added without Purchaser's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating.



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Defense Priorities & Allocations System (DPAS):

For Defense Priorities & Allocations System (DPAS) rated orders, certified for National Defense use. Willful violation of DPAS is a crime, punishable by a \$10,000 fine, or one year in prison, or both (per occurrence). You are required to follow all the provisions of the DPAS regulation (15 CFR 700) including providing written notice of acceptance or rejection of this order and flow-down to lower-tier suppliers as follows:

- (DO rated order) - within fifteen (15) business days after receipt of order
- (DX rated order) - within ten (10) business days after receipt of order

Import / Export Controls

- a. Seller hereby certifies that, in connection with the performance of this Purchase Order, it will comply with U.S. export and import control laws and regulations, including but not limited to the International Traffic in Arms Regulations (“ITAR”) (22 CFR 120 et seq.), the Export Administration Regulations (“EAR”) (15 CFR Part 730-774), the regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) (31 CFR Part 500-598), the regulations administered by the U.S. Department of Justice, Bureau of Alcohol, Tobacco, Firearms, and Explosives (“ATF”) found in 27 CFR Chapter II, and all other applicable U.S. Government regulations relating to the importation of goods into the United States (including, but not limited to, the regulations administered by U.S. Customs and Border Protection (“CBP”) at 19 CFR 0 et seq. and other import regulations promulgated by other U.S. agencies which may be enforced by CBP) (collectively “U.S. export and import control laws and regulations”). Seller understands that Performance of this Purchase Order may involve the use of or access to articles, Technical Data or software that is subject to the above export controls.
- b. If Seller engages in the business of either manufacturing, exporting, or brokering in ITAR-controlled defense articles or furnishing ITAR-controlled defense services, Seller hereby certifies that it is currently registered with the U.S. Department of State Directorate of Defense Trade Controls (“DDTC”) and that it maintains an effective export and import compliance program in accordance with the regulations listed in paragraph (a) above.
- c. Seller shall ensure that any disclosure, export, re-export, transfer and retransfer of, and access to, any hardware, software, controlled technical data, technology, and/or services (collectively referred to as “items”) received under this Purchase Order is undertaken in accordance with U.S. export control laws and regulations. Seller agrees that no items controlled under U.S. export and import laws and regulations and provided by Buyer in connection with this Purchase Order shall be provided to any person or entity, including non-U.S. person employees, subsidiaries, or affiliates, unless the transfer is expressly permitted by a U.S. Government license or other authorization, or is otherwise in accordance with applicable laws and regulations. Prior to any proposed re-transfer, Seller shall first obtain the written consent of Buyer.



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- d. Pursuant to 22 C.F.R. 130.6, if this Purchase Order is valued in an amount of \$500,000 or more, Seller shall not directly or indirectly pay, offer or agree to pay any political contributions or any fees or commissions in its performance of this Purchase Order. Seller agrees to provide prompt written notification to Buyer should any offer, agreement or payment of political contributions, fees or commissions pursuant to this Purchase Order be made in violation of U.S. export laws.
- e. Seller shall provide the applicable Export Control Classification Number (“ECCN”) or ITAR categorization for all Products, Technology or Technical Data or software furnished by Seller to Buyer, except when Seller is manufacturing to Buyer’s design. If Seller is not the original equipment manufacturer, Seller shall obtain the ECCN or ITAR classification information from its source of supply. Seller will include the ECCN or ITAR designation on its packing slips and shipping documentation and also provide to Buyer upon Buyer’s request.
- f. Seller hereby warrants that neither Seller, nor any immediate or ultimate parent, majority shareholder, subsidiary, affiliate, or lower-tier subcontractor is listed on any Restricted Party List of an agency of the U.S. Government, any applicable non-U.S. Government or international organization, or any applicable state, local government, or municipality, nor are their export privileges denied, suspended or revoked. For purposes of this provision, “Restricted Party List” is defined to include lists administered by the U.S. Departments of State, Commerce, and Treasury (e.g., Specially Designated Nationals List) or other U.S. government agency and other similar lists that relate to export controls, economic sanctions, or anti-corruption. Seller shall immediately notify Buyer if Seller, or any immediate or ultimate parent, majority shareholder, subsidiary, affiliate, or lower-tier subcontractor is added to any such Restricted Party List or if any of their export privileges become denied, suspended, or revoked. Seller shall not deal with any Restricted Party in relation to this Purchase Order.
- g. For any goods imported into the United States pursuant to this Purchase Order, Seller shall act as importer of record, obtain necessary import and/or export authorizations, and pay any and all duties, taxes, and fees. Seller shall ensure goods were not produced wholly or in part with convict labor, forced labor, and/or indentured labor (including forced or indentured child labor). Seller acknowledges that such goods may be subject to the export and import control laws and regulations of the exporting country and is responsible for complying with all relevant non-U.S. export and import laws and regulations, to the extent consistent with U.S. law. Buyer shall not serve as importer of record of any goods shipped to any country pursuant to this Purchase Order. Any exports by Buyer of goods under this Purchase Order, including for testing, calibration, sale, or incorporation into higher-level items, shall be governed under separate agreement. If Buyer seeks any import and/or export authorizations for the goods or items into which the goods are incorporated, or seeks to confirm compliance with applicable laws and regulations, Seller will provide Buyer with appropriate information as necessary.



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- h. Seller shall promptly notify Buyer of any known or suspected violation of export or import control laws or regulations, or the initiation or existence of any U.S. Government investigation into same. Seller shall comply with requests from Buyer for additional information regarding any changed circumstance, known or suspected violation, or U.S. Government investigation.
- i. Seller shall not engage in any subcontracts relating to this Purchase Order except in accordance with the terms and conditions of 'Notification of Change' section of this document and as compliant with U.S. export and import control laws and regulations, and any authorizations granted thereunder. If Buyer authorizes Seller to engage in subcontracting for procurements related to this Purchase Order, Seller shall incorporate into its subcontracts the provisions of this section requiring compliance with U.S. and other applicable export and import control laws and regulations.
- j. Seller shall indemnify Buyer for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by Buyer in connection with any violations of non-U.S. or U.S. export or import control laws and regulations, by Seller, its officers, employees, agents, suppliers, or subcontractors at any tier.

AS9100 Quality Management System Requirements

The Seller shall maintain a Quality Management System with current AS9100 Certification from an accredited registrar that demonstrates its ability to consistently provide product that meets FS Precision Tech, customers and applicable regulatory requirements based on AS9100. In addition Buyer shall provide Seller, upon request confirmation of the following AS9100 requirements:

1. Design and Development control (refer to 'Notification of Change' section above for additional details)
 - a. The Seller shall not make any changes to Design or Development controls without prior formal approval from Buyer.
 - b. The Seller shall not use external providers of services (sub-contractors) to perform work on Goods / Services included in the Purchase Order without formal approval from Buyer.
2. Special Requirements, Critical Items, or Key Characteristics
 - a. Buyer shall inform Seller of Special Requirements, Critical Items, Key Characteristics, Use of Statistical Techniques and related instructions for Product / Service acceptance on items included in Purchase Order via Purchase Order Notes and/or addendums to Purchase Orders.
3. Test, Inspection, and Verification (including production process verification)



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- a. Buyer reserves the right to request objective evidence of any testing, inspections and verification on Goods and/or Services completed by Seller as part of the Purchase Order.
- b. Buyer also reserves the right to request that Seller provide test specimens for design approval, inspection/verification, investigation, or auditing.
- c. Buyer reserves the right to perform inspections, audits, evaluations, process reviews, and/or witness the Seller's processes as they pertain to the items on the Purchase Order per this statement and as part of the 'Inspection, Testing and Nonconforming Material' section above.

Product and/or Service Conformity, Safety, and Ethical Behavior

Seller shall ensure that persons involved in the execution of Purchase Orders for Buyer are made aware of how they contribute to product/service conformity; their contribution to Product/Service Safety, and the importance of ethical behavior. This Product and Service Conformity would also include Seller actions or process to prevent the use of counterfeit products / material from being used in Buyer's product or material.

Purchase Order Requirements Flow Down and Seller use of External Sources

Seller shall flow down to any and all subcontractors performing work for Buyer under Purchase Order all terms and conditions, requirements indicated in the applicable Purchase Order and any supplemental documentation. Seller shall also use Buyer-designated or approved external sources (e.g. special processes)

Force Majeure

Time is of the essence. However, Buyer excuses Seller from nonperformance or delays in delivery caused by acts of God, unforeseeable occurrences or other Force Majeure events, but Seller agrees it is not excused by unexpected difficulty or commercial impracticality of any degree. Buyer reserves the right to reject any shipment of any order of goods from Seller and shall have no obligation to pay for the rejected shipment in the event that Buyer's business or operations are discontinued in whole or part by reason of fire, flood, earthquake, war, civil disorder or any other act or event beyond Buyer's reasonable control.

Warranty

Seller expressly warrants that all goods or services furnished under this agreement shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship. Seller warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods or services, and that any goods will be adequately contained, packaged, marked, and labeled. Seller warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Seller knows or has reason to know the particular



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purpose for which Buyer intends to use the goods or services, Seller warrants that such goods or services will be fit for such particular purpose.

Indemnification

Seller shall defend, indemnify and hold harmless Buyer against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller.

Patents

Seller agrees upon receipt of notification to promptly assume full responsibility for defense of any suit or proceeding which may be brought against Buyer or its agents, customers, or other vendors for alleged patent infringement, as well as for any alleged unfair competition resulting from similarity in design, trademark or appearance of goods, or services furnished hereunder, and Seller further agrees to indemnify Buyer, its agents and customers against any and all expenses, losses, royalties, profits, and damages, including court costs and attorneys' fees resulting from any such suit or proceeding, including any settlement. Buyer may be represented by and actively participate through its own council in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller.

Insurance

Seller shall maintain adequate insurance in any and all forms necessary to protect both Seller and Buyer against all liabilities, losses, damages, claims, settlements, expenses, and legal fees arising out of or resulting from performance of the Purchase Order. Although evidence of certain minimum coverage may be required, nothing contained herein shall abridge, diminish or affect Seller's responsibility for the consequences of any accidents, occurrences, damages, losses, and associated costs arising out of or resulting from performance of the Purchase Order.

Invoicing and Payment

After each shipment made, Seller will submit an invoice listing a description of Goods provided and, as applicable, part numbers, quantity, units of measure, hours, and the unit and total prices. All invoices shall be mailed to Buyer at its office as indicated on the face of the Purchase Order and will state Buyer's Purchase Order Number clearly on the Invoice. Any incidental charges must be separately itemized and identified on the invoice. The invoice must also include the following information: name and address of Seller, name of shipper (if different from Seller), detailed description of the goods, payment terms used, shipment terms used, and all rebates or discounts.

The invoice will be accompanied (if applicable) by a signed bill of lading or express receipt evidencing shipment. Payment of an invoice does not constitute acceptance of the Goods and is subject to appropriate adjustment should Seller fail to meet the requirements of the Purchase Order. Payment



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terms are on a net 60 day basis from receipt of invoice and confirming goods or services. In case of errors on an invoice, the payment discount period will date from the receipt of corrected invoices. Seller shall use the lowest published freight rates and any excess transportation charges incurred, including any that deviate from the published tariff rates, are to be borne by the Seller.

Termination for Convenience of Buyer

Buyer reserves the right to terminate this order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge consisting of a percentage of the order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination. Seller shall not be paid any work done after the receipt of the notice of termination, or for any costs incurred by Seller's suppliers or subcontractors which Seller could have reasonably avoided.

Termination for Cause

Buyer may also terminate this order or any part hereof for cause in the event of any default by the Seller, or if the Seller fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of products which are defective or which do not conform to this Purchase Order, and failure to provide Buyer, upon request, reasonable assurances of future performance shall all be causes allowing Buyer to terminate this Purchase Order for cause. In the event of termination for cause, Buyer shall not be liable to Seller for any amount, and Seller shall be liable to Buyer for any and all damages sustained by reason of the default which gave rise to the termination.

Notification of Change

Any increase in the price of goods resulting from modifications of a Purchase Order is subject to prior approval of Buyer. The Seller shall notify Buyer of any changes to the Product(s) and/or process definition, changes of Sellers, changes of manufacturing facility location, and where required make arrangement to obtain Buyer's approval of these changes.

Buyer shall have the right at any time to make changes in this Order by written notice to Seller, and Seller agree to comply with such changes. If such changes cause a material increase or decrease in Seller's cost or time performance of this Order, Seller shall notify Buyer immediately and negotiate an adjustment.

Certificate of Conformance

Seller shall provide evidence that the processes requested in this Purchase Order were performed by approved sources. Seller shall maintain such evidence on file. Included with each shipment to Buyer shall be a certificate of conformance indicating as a minimum the process description, process number, name and address of the process Seller, the Purchase Order and part number.



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Material Traceability

Identification of each piece of material and each report is required by specification to provide traceability to heat lot or batch number.

Requirements for Qualification of Personnel

When applicable, only qualified / certified personnel shall be used based on process specification requirements. Records shall be maintained of the personnel qualifications / certifications.

Attorneys' Fees

In the event it becomes necessary for Buyer to enforce these terms, or to defend or prosecute any litigation arising out of or as a result of these terms, or in connection with the sale of the goods or services in this Purchase Order to Buyer by Seller, Buyer shall be entitled to recover from Seller, in addition to any other relief granted, reasonable attorneys' fees, expert fees, costs and expenses of litigation to the extent Buyer is the substantially prevailing party.

Governing Law

The laws of the State of California shall govern this Order and the right and the obligations of the parties hereunder, and the venue of any action brought hereunder shall be in the Superior Court, County of Los Angeles, and State of California.

Assignments and Subcontracting

No part of this order may be assigned or subcontracted without the prior approval of Buyer.

Bankruptcy

In the event of any proceeding, voluntary or involuntary, in bankruptcy or insolvency by or against the Seller, including any proceeding under the United States bankruptcy laws, or in the event of the appointment, with or without Seller's consent, of a receiver of an assignee for the benefit of creditors, Buyer shall be entitled to cancel any unfilled part of this Order without any liability whatsoever.

Severability

If any provision hereof shall be found to be inoperable or in violation of any law or regulation, only that provision shall be stricken from this Purchase Order and the remainder of the Purchase Order shall not be affected.

Waiver

Buyer's failure to insist on performance of any part of the terms or conditions herein or to exercise any right or privilege or Buyer's waiver of any breach hereunder shall not thereafter waive any of other terms, conditions, or privileges, whether of the same or similar type.