

### TERMS AND CONDITIONS OF PURCHASE

**1. DEFINITIONS**

Definitions as used in this "Terms and Conditions of Purchase" document are as follows:

a) "Seller" means the party that is agreeing to supply to DWT the goods and/or services that are specified in the Purchase Order.

**2. APPLICABLE TERMS AND CONDITIONS:**

This Purchase Order, hereafter referred to as "order", is subject to the terms and conditions set forth in the "Terms and Conditions of Purchase" document and any other document incorporated herein by reference. Any acceptance or acknowledgment hereof or any shipment or delivery of goods and services referred to herein, shall constitute assent to said terms and conditions. Any additional or different terms or conditions set forth in the Seller's acceptance, acknowledgment or other communications are objected to by Design West Technologies, hereafter abbreviated "DWT", and shall not be effective or binding unless specifically assented to by DWT in writing other than by a routine acknowledgment.

**3. EXTRA CHARGES:**

No charges of any kind, including without limitation, charges for boxing or cartage, will be allowed unless specifically agreed to by DWT in writing. Price is to cover net weight of material unless otherwise agreed.

**4. TRANSPORTATION:**

Unless otherwise specified, transportation charges on goods should be delivered at FOB destination and must be done on time unless authorized by DWT Purchasing in writing.

**5. DELIVERY SCHEDULE:**

Unless otherwise agreed in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet DWT's delivery schedule. It is Seller's responsibility to comply with this schedule but not to anticipate DWT's requirements. Goods shipped to DWT in advance of schedule may be returned to Seller at Seller's expense.

**6. DELAYS IN DELIVERY:**

If Seller, for any reason does not substantially comply with DWT's delivery schedule, DWT, in addition to remedies provided by law, at its option may either approve a revised schedule at the seller's expense or may terminate the order without liability to Seller on account thereof.

**7. WARRANTY:**

Seller warrants all materials or services sold and delivered hereunder will conform to the specification, drawings, samples or other description furnished or specified by DWT and will be fit and sufficient for the purpose intended, of good material and workmanship and will be free from defects in material and workmanship. This warranty shall survive any inspection, delivery, acceptance or payment by DWT of the material or services.

**8. REJECTIONS:**

If any of the goods or services delivered are found at any time to be defective in material ~~or~~ or workmanship, or otherwise not in conformity with the requirements of the order, DWT, in addition to any other rights which it may have under warranties or otherwise, shall have the right to reject and return such goods or services at Seller's expense. DWT's payment of all or any part of the purchase price prior to DWT's inspection and rejection of the goods shall not constitute a waiver of any DWT's rights hereunder.

**9. DESIGN WEST TECHNOLOGIES' PROPERTY:**

Unless otherwise agreed in writing, all tools, equipment or material of every description furnished to Seller by DWT or specifically paid for by DWT and any replacement thereof, and any materials affixed to attached shall be and remain the personal property of DWT. Such property and whenever practical, each individual item thereof, shall be adequately identified by seller as "Property of Design West Technologies Inc." and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any property for DWT's property and shall not use such property except in filling DWT's orders. Such property while in Seller's custody or control shall be held at Seller's risk and properly insured by Seller at Seller's expense in the amount equal to the replacement cost with loss payable to DWT. Such property shall be subject to removal at DWT's written request, in which event Seller shall prepare such property for shipment and shall redeliver it to DWT in the same condition as originally received by Seller, reasonable wear and tear excepted.

**10. CHANGES:**

DWT shall have the right to make changes to the order in writing, but no additional charge will be allowed unless authorized in writing by DWT.

**11. NON-ASSIGNMENT:**

Assignment of this order or any interest herein or any payment due or to become due thereunder, without the written consent of DWT shall be void.

**12. COMPLIANCE WITH LAWS:**

Seller shall comply with all applicable State, Federal and local laws, rules and regulations in the fulfillment of the order.

**13. BANKRUPTCY OR INSOLVENCY OF SELLER:**

If Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature) or if any proceedings under the bankruptcy or insolvency law is brought by or against Seller, or a receiver for Seller is appointed or applied for or an assignment for the benefit of creditors is made by Seller, DWT may terminate the order without liability except for deliveries previously made and for goods covered by the order then completed and subsequently delivered in accordance with the terms of this order.

**14. NO WAIVER OF ENFORCEMENT:**

The failure of DWT to promptly enforce any of the provisions of this order shall not be construed as a waiver of such provision with respect to Seller's act, failure to act, to any subsequent act or failure to act and DWT shall have the right to enforce each and every such provision at any time.

**15. MODIFICATION, WAIVER OR TERMINATION:**

Neither this order or any of the "TERMS AND CONDITIONS OF PURCHASE" may be modified, waived or terminated except in writing and signed by an Authorized Representative of DWT.

**16. RIGHT OF ACCESS TO SELLER'S FACILITIES:**

During Contract performance, Seller shall allow Authorized Representatives of DWT, US Government and Regulatory Authorities reasonable access to all the Seller's applicable areas of their facilities at all reasonable times, for the purpose of evaluating Seller's conformance to all PO requirements. The evaluation may include the performance of the following: surveys, inspections, tests, audits, investigations and record review. When applicable, the Right of Access requirement shall be flowed-down by the Seller to the Seller's sub-tier sources at any level in the supply chain.

**17. CONTROL OF QUALITY RECORDS:**

Seller shall maintain control of quality records applicable to this order to serve as evidence of conformance with specified requirements. Such records shall be legible and traceable to the product involved. Unless otherwise specified, these records shall be maintained for a minimum period of ten years from the date of final PO performance. Seller shall make all applicable quality records available upon request. At the end of the retention period (10 years) supplier agrees to return all records to DWT or destroy them.

**18. NONCONFORMING MATERIAL:**

Seller shall quarantine all nonconforming material, and shall not send such material to DWT without prior written authorization from a representative of DWT Quality Assurance. Nonconforming material that has been authorized for submission or resubmission shall bear adequate identification of such nonconformance, either on the material or applicable Seller records. To qualify for nonconforming material resubmission following a material return, the Seller shall provide evidence of containment, correction, root cause analysis and corrective action to preclude recurrence.

**19. SUPPLIER NOTIFICATION OF UNAUTHORIZED NONCONFORMING MATERIAL DELIVERY:**

When Seller has determined that an unauthorized delivery of nonconforming material to DWT has occurred, the Seller shall notify DWT Purchasing within twenty-four hours of the initial discovery. The notification shall include the supplier name, DWT PO number, part number and description, affected quantity, date(s) delivered, lot/heat numbers (if applicable), serial numbers (if applicable), and a description of the nonconforming condition.

**20. PRODUCT, SERVICE OR PROCESS CHANGES:**

The Seller shall notify DWT Purchasing of any proposed changes in product design, fabrication methods, changes of suppliers, changes of manufacturing facility location, service provision or processes previously approved by DWT and/or DWT's customer, and obtain written approval from DWT and/or DWT's customer prior to implementing proposed changes.

**21. CONTROL OF SUB-TIER SUPPLIERS:**

Seller is responsible for meeting all specified technical and quality requirements in the order, whether the Seller performs the work or the work is performed by the Seller's sub-tier supplier. When the Seller uses sub-tier suppliers to perform work on products and/or services scheduled for delivery to DWT, the Seller shall flow-down to all applicable sub-tier suppliers all of the applicable technical and quality requirements of the DWT order with the Seller, including any requirement to document and control "Critical Items" and/or "Key Characteristics", and furnishing Certificates of Conformance (COC) and Certified Test Reports (CTR).

**22. EXPORT CONTROL**

Seller acknowledges that any technical data furnished by DWT in connection with this order may be subject to U.S. export control laws, including but not limited to the Arms Export Control Act, 22 USC Â§ 2778, (AECA) and the International Traffic in Arms Regulations, 22 CFR 120-130, (ITAR) promulgated pursuant thereto. In this regard, Seller agrees that, unless it has obtained prior written consent from an authorized employee or representative of DWT, and unless prior written authorization is obtained from the U.S. Department of State, Directorate of Defense Trade Control (DDTC), it will not export, reexport, or transship, directly or indirectly, the goods, documentation, technical assistance, or any media in which any of the foregoing is contained, or other technology provided hereunder or the direct product thereof, to any country or to any non-U.S. citizen. As required by the AECA and the ITAR, all manufacturers, exporters and brokers of defense articles, defense services or related technical data, as defined on the U.S. Munitions List, are required to register with the DDTC, and if Seller is engaged in the United States in such activities, Seller represents that it is registered with the DDTC, as may be required under 22 CFR 122.1 of the ITAR and, that it maintains an effective export/import compliance program in accordance with DDTC guidelines.