

RICHARD MANUFACTURING COMPANY PURCHASING TERMS AND CONDITIONS

1. **ACCEPTANCE.** This Order is Buyer's offer to Seller. Seller's acceptance is expressly limited to the terms of the Order and Buyer hereby objects to any additional or different terms in Seller's acceptance. In lieu of Seller's written acknowledgement beginning performance will act as Seller's acceptance of this Order as written unless otherwise agreed upon in a writing signed by Buyer's Purchasing Representative.
2. **COMPLETE AGREEMENT.** This Order is the complete and exclusive statement of the terms of the agreement between Seller and Buyer.
3. **MODIFICATION.** No modification of the Order (including any additional or different terms in Seller's acceptance) shall be binding unless agreed to in a writing signed by Buyer's Purchasing Representative.
4. **PRICE WARRANTY.** Seller warrants that the price of the ordered items does not exceed the price charged by Seller to any other customer purchasing the same items in like or smaller quantities.
5. **PRICE AND DELIVERY.** Seller shall furnish the items and services called for by this Order in accordance with the price(s) and delivery date or schedule stated herein. If price(s) and /or delivery date(s) or schedule are not stated herein. Seller shall offer its lowest price(s), showing any applicable taxes separately and /or best delivery date or schedule, which shall be subject to approval and written acceptance by Buyer.
6. **INVOICE AND PAYMENT.** A separate invoice related to this Order shall be issued for each shipment. No payment will be made prior to receipt of products and correct invoice, and Buyer reserves the right to delay payment until the products have been accepted. Payment due dates, including discount periods, will be computed from date of receipt of products and correct invoice (whichever is later). Unless freight and other charges are itemized any discount taken will be taken on the full amount of invoice. Buyer has the right without loss of discount privileges, to pay invoices covering products shipped in advance of the schedule on the normal maturity after the date specified for delivery. Any payment shall not constitute acceptance of the products.
7. **TAXES.** Unless otherwise provided in this contract. Seller represents that the prices stated shall include any and all applicable federal, state, and local taxes which cannot be excluded by action of the Seller or operation of law. Seller represents that the prices stated exclude all such taxes which can be excluded by action of Seller or by action of law. Any tax not so excluded shall be entered on invoices as a separate line item.
8. **PACKING AND SHIPPING.** Unless otherwise provided herein, no charge shall be made by Seller for containers, crating, boxing, bundling, dunnage, drayage, storage or other packing requirements. All items shall be packed, packaged, marked and otherwise prepared for shipment in accordance with sound commercial practices to meet requirements for obtaining lowest transportation rates, or as otherwise specified herein. Machined hardware items shall be packed or packaged and delivered in a manner which prevents scratches, mars, dents, etc. Seller shall mark containers or packages with necessary lifting, loading and shipping information, and also RMC's Order number(s). An itemized packing sheet must accompany each shipment. Damage to any items resulting from improper packaging will be charged to Seller. If Seller's deliveries fail to meet schedule, Seller at its expense will use that expedited method of shipment requested and specified by RMC until all deficiencies are corrected and deliveries are on schedule.

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9. CHANGES. Buyer may at any time, by a written change Order, suspend performance in whole or in part, make changes in drawings, designs, specifications, method of shipment or packing, or time or place of delivery, require additional work, or direct the omission of work. If any such change causes an increase or decrease in the cost of, or the time required for, the performance of the Order, an equitable adjustment shall be made in the contract price, or delivery date, or both, and this Order shall be modified in writing accordingly. Seller agrees to provide at Buyer's request, detailed technical and cost information adequate for Buyer to determine the reasonableness of any cost adjustments. Any claim for adjustment under this paragraph shall conclusively be deemed waived unless asserted in writing within thirty (30) days from the date of receipt by the Seller of the change Order. Where the cost of property made obsolete or excess as a result of a change is included in Seller's claim for adjustment, Buyer shall have the right to prescribe the manner of disposition of such property. Any change Order issued hereunder will not be binding on Buyer unless issued by an authorized purchasing agent of Buyer. Nothing in this paragraph shall excuse Seller from proceeding with the Order as changed up to the point of shipment. Buyer's engineering and technical personnel may from time to time render assistance or give technical advice to, or affect an exchange of information with, Seller's personnel concerning the items or work hereunder. Such actions shall not be deemed to be a change under this clause, and shall not vest Seller with authority to change the items or services hereunder or the provisions of this Order. In the event Seller receives an instruction, order or advice that he deems to be a change from anyone other than RMC's purchasing department, he shall immediately advise RMC's purchasing department of that information.

10. ORDER OF PRECEDENCE. In the event of any conflict among the provisions of this order, the following order of precedence shall apply in interpreting this Order. (i) The text of the Purchase Order. (ii) Any Special or Supplemental Terms and Conditions incorporated by reference in the Purchase Order. (iii) These General Purchase Order Provisions. (iv) Other Contract Document.

11. ADMINISTRATION AND LIAISON. All inquiries, including technical inquiries and correspondence regarding this contract, will be directed to the attention of the cognizant Procurement representative. Buyer will not be bound by any agreements or changes to any part of this Contract made as a result of inquires or liaison between Seller and Buyer personnel other than authorized Procurement personnel. Seller's failure to comply with provisions of this clause will render Seller's claim voidable by Buyer.

12. WARRANTIES. Unless otherwise agreed to in writing by the parties, in addition to and without prejudice to all other warranties, both express and implied. Seller warrants that the items or services ordered will be (i) free from defects in workmanship and material: (ii) to the extent such items or services are not furnished pursuant to detailed designs provided by Buyer, free from defects in design: (iii) suitable for the purposes intended: and (iv) in compliance with all requirements of this Order and all applicable drawings, specifications, samples, representations, or other descriptions. All warranties, both express and implied, including the above, shall constitute conditions, shall survive inspection, acceptance, and payment, and shall insure to Buyer, its customers, and users. Without limitation of any rights by reason of any breach of warranty or otherwise, items or services which are not as warranted may at any time be returned to Seller at Seller's expense for credit, correction or replacement, as Buyer may direct, and in the event Seller fails promptly to correct or replace, as directed by Buyer, in addition to the rights stated above or otherwise. Buyer shall have the right to terminate this Order as provided in the clause hereof entitled "Cancellation-Default".

13. QUALITY PROVISIONS:

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13.1 INSPECTION. All items and services shall be subject to inspection and test by Buyer, its customers, higher tier contractors and the U.S. Government at all times and places, such parties may require. Seller shall provide without additional charge all reasonable facilities and assistance for the safety and convenience of the foregoing parties in performance of such inspections and tests. In case any items or services are defective in material or workmanship or otherwise not in conformity with the requirements of the Order, Buyer shall in addition to any other rights, have the right to (i) reject same and rescind the Order as to the rejected items or services, (ii) reject same and require the correction thereof by Seller or (iii) reject same and deduct from the amount due Seller the cost of remedying such defects. If Buyer elects the foregoing (ii), Seller shall at no expense to Buyer promptly replace or correct same with items or services acceptable to Buyer in accordance with Buyer's instructions. If Seller fails promptly to replace or correct such items or services in accordance with Buyer's instructions, Buyer may (i) by contract or otherwise replace or correct such items or services and charge Seller the cost occasioned Buyer thereby, or (ii) cancel this Order for default in accordance with the clause thereof entitled "Cancellation – Default". Notification of prior rejection shall be submitted with replacement of such rejected items and services. No inspection (including source inspection), tests, approval (including design approval), or acceptance by any of the foregoing parties shall relieve Seller from responsibility for all defects or other failure to meet the requirements of this Order or from any warranties. Rights hereunder are cumulative and in addition to any other rights or remedies provided in this Order or in law or equity. Final inspection and acceptance shall be made by Buyer or its customer(s) at destination, unless otherwise specified in this Order.

13.2 SHELF LIFE PRODUCT. The seller shall provide product requiring shelf life limitations to have at least 70% usable shelf life remaining when shipped from the seller's facility. Any product received with less than 70% usable shelf life remaining will be subject to rejection.

13.3 NONCONFORMING PRODUCT. The Seller shall notify the Buyer of nonconforming product or product recall. No Material Review Board (MRB) Authority is granted to Seller unless specifically stated in writing by an authorized representative of the Seller. Seller must obtain written approval of product disposition prior to shipment of any nonconforming product.

13.4 PRODUCTION CHANGES. Seller shall notify the Buyer of changes in product design, production processes, suppliers, manufacturing facility location, or any other changes affecting product realization.

13.5 INSPECTION SYSTEM. Seller shall provide and maintain an inspection system acceptable to Buyer.

13.6 RECORD RETENTION. Records of all inspection work by Seller shall be kept complete and available to Buyer during the performance of this Order and for a minimum of three years, or such longer periods as Buyer determines.

13.7 SUB-TIER SUPPLIER FLOWDOWN. Seller shall flow down these quality provisions to sub-tier suppliers. Any Special or Supplemental Terms and Conditions incorporated by reference in the Purchase Order shall also be flowed down to sub-tier suppliers.

14. TERMINATION/CANCELLATION. (A) **TERMINATION:** RMC may terminate this contract as provided in FAR 52.249.2. Termination for Convenience of the Government (Fixed Price), without regard to the instructions contained in the first paragraph, there under. References in such clause to "Government" and "Contracting Officer" shall mean RMC, and "Contractor" shall mean Seller. Notwithstanding any other articles of this contract, RMC shall be under no obligation to make any payments under this clause unless

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and until RMC has received payment from the Government or other customer with respect to that portion of RMC's claim there under which includes Seller's claim. Also, RMC shall only be obligated to make payments under this article to the extent that payment is received from the Government or other customer with respect to Seller's claim. The provisions of this subparagraph shall not limit or affect the right of Buyer to cancel this Order for default and shall not apply to a cancellation for default. (B) CANCELLATION-DEFAULT: Time is of the essence in the performance of this Order by Seller. Except in the case of delays in deliveries resulting from those conditions and circumstances described in Section 2-615, "Excuse by Failure of Presupposed Conditions", of the Uniform Commercial Code. Buyer shall be entitled, by written cancellation notice to Seller, to cancel the whole or any part of this Order for default, without granting an extension of time, and to have all other rights against Seller by reason of Seller's default as provided by law. If it be found that Seller was not in default, the rights and obligations of the parties shall be same as if the Notice of Cancellation had been issued pursuant to subparagraph (A) Termination for Convenience. (C) OTHER: By written notice to Seller, Buyer may cancel the whole or any part of this Order in the event of suspension of Seller's business, insolvency of Seller, institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, or any assignment by Seller for the benefit of creditors. Such cancellation shall be deemed "for default" in accordance with subparagraph (B) Cancellation-Default and the rights and obligations of the parties shall be determined as therein provided. (D) COMPLETION OF WORK: If this Order is canceled as provided for in (B) or (C) above, RMC shall have the right to complete such work by whatever method RMC may deem expedient, and shall also have the right to take possession of and to use any or all of the materials, supplies, and special tooling built or being built under this Order of any and every kind Seller had used or was planning to use in the fulfillment of this Order, whether or not such items are in Seller's possession at the time of cancellation. The expense to RMC of so completing such work, together with a reasonable charge for administering any contract for such completion, will be charged to Seller and such expense will be deducted by RMC out of such monies as may be due or may at any time thereafter become due to Seller. In case such expense exceeds the sum which would have otherwise been payable under this Order, the Seller and its sureties shall be liable for and shall upon notice from RMC promptly pay to RMC the amount of such excess. Seller shall be compensated a reasonable value for any materials and work in process which RMC elects to take possession of, less any adjustments as provided for herein. Upon receipt of written notice of cancellation, Seller shall, at its expense, for that work affected by any such cancellation: (i) assist RMC in making an inventory of all materials and data, and (ii) assign to RMC lower tier Subcontracts or Purchase Orders as designated by RMC. In the event of such cancellation, all finished and unfinished documents, data, studies, surveys, drawings, models, and reports prepared by or for Seller in connection with work hereunder shall become the property of and be delivered to RMC.

15. NOTICE OF LABOR DISPUTES. Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of the Order, Seller shall immediately give notice thereof to Buyer. Such notice shall include all relevant information with respect to such dispute.

16. ASSIGNMENT. (A) Claims: Seller shall not assign this order or any rights there under or any monies due or to become due there under without the prior written consent of Buyer, and no purported assignment by Seller shall be binding on Buyer without its written consent. (B) Subcontracts: no contract shall be made by Seller with any other party for furnishing any of the completed or substantially completed items or services herein contracted for without the prior written approval of RMC.

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17. **INDEPENDENT CONTRACTOR.** When labor or services are performed or furnished under this Contract by Seller, Seller shall perform such work as an independent contractor and not as an agent or employee of Buyer.

18. **PATENTS.** Seller guarantees that the sale and use of each and all items now or hereafter delivered hereunder will not infringe any patent or copyright, that Seller will at its own expense defend any action, suit or claim or assist in defense thereof, including any brought against the U.S. Government, in which an infringement of any patent or copyright is alleged with respect to the sale or use of such items: and that Seller will indemnify and save harmless Buyer and its customers and users, including Government, from any and all losses, costs, and damages for infringement of any patent or copyright because of the sale or use of such items.

19. **CONFIDENTIAL DISCLOSURE.** Buyer and Seller shall keep confidential and otherwise protect from disclosure all designs, processes, drawings, specifications, reports, data and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns and other items furnished or disclosed to Seller by Buyer, and to Buyer by Seller. Unless otherwise provided herein or authorized by Buyer or Seller in writing. Buyer and Seller shall use such information and items and the features thereof only in the performance of this Order. Upon completion, termination, or cancellation of this Order, Buyer and Seller, shall at its expense, make such disposition of all such information, items and articles as herein required or as may be directed by Buyer or Seller. Seller is responsible to ensure that all its suppliers shall comply with this provision. However, nothing in the foregoing shall restrict the U.S. Government or a higher tier contractor from obtaining or reclaiming information they have supplied or purchased the rights to through contract with RMC. Also, nothing shall prevent Seller from supplying like parts directly to the U.S. Government or a higher tier contractor if such parts are built to designs or drawings for which the Government or higher tier contractor own the manufacturing rights. In order to prevent possible lawsuit, Seller must notify an authorized RMC representative prior to releasing any information or parts, or both to anyone other than RMC in regard to items, or like items, supplied to Seller, or received from Seller, under this Order.

20. **EXPORT CONTROL COMPLIANCE.** Seller shall comply with the Arms Export Control Act (22 u.s.c. 2778), the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120 to 130), the Export Administration Regulations (15 CFR Parts 730 to 774), the regulations issued by the Office of Foreign Assets Control (31 CFR Chapter V), and all other applicable laws, regulations and orders that control the export of commercial, government, and dual-use items, defense articles, defense services and associated technology. Seller shall notify RMC immediately if Seller is listed on the Denied Persons List, Entity List, or Specially Designated Nationals List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any United States Government entity or agency. Further, the receiving party does assure the disclosing party it will not disclose technical data received hereunder to any employee, consultant or subcontractor employee not holding United States citizenship or granted admission or permanent residence in the United States under the Immigration and Nationality Act, as amended (8 USC 1101 et seq.)

21. **RISK OF LOSS.** Seller shall bear all risk of loss on items called for by this Order until final acceptance by Buyer, or its customer, at destination, unless otherwise specified in this Order, except for loss occasioned by gross negligence of Buyer or its customer. F.O.B. place of shipment shall not be considered as having conflicting precedence over the foregoing.

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22. **LIABILITY FOR INJURY.** Seller agrees to be responsible for, and to indemnify and save harmless the Buyer and its employees and customers from any and all injury, death, damage and loss to persons or property arising out of the acts or omissions to be performed by Seller pursuant to this Order whether performed on the premises of Seller or Buyer or elsewhere. Seller agrees to carry and maintain insurance coverage's satisfactory to Buyer to cover the above, and upon Buyer's request to furnish to Buyer certificates or other appropriate evidence of such insurance.

23. **RESPONSIBILITY FOR PROPERTY.** Unless otherwise provided in this Order, Seller, upon delivery to it or manufacture or acquisition by it, or any materials, parts, tooling or other property the title to which is in Buyer or the U.S. Government, assumes the risk of and shall be responsible for any loss thereof or damage thereto. Seller, in accordance with the provisions of this Order, but in any event upon completion thereof, shall return such property to Buyer in the condition in which it was received except for reasonable wear and tear and except for such property as has been reasonably consumed in performance of work under this Order.

24. **MATERIAL AND TOOLS.** If Buyer furnishes material or dies, molds, jigs, or tools, title thereto shall remain in Buyer and Seller shall dispose of or credit such items, including scrap material, as Buyer may direct. Buyer does not require that Seller carry insurance on such property furnished by Buyer, and Seller shall not include any insurance cost therefore in the price of this Order. If the cost of special dies, molds, jigs or tools involved in the manufacture of articles covered by this Order is amortized or included in the price hereunder, the same shall become the property of Buyer upon completion or termination of this Order and shall be disposed of as Buyer may direct.

25. **LEIN WAIVERS.** If the furnishings of any labor or material pursuant to this Order could give rise to any liens or lien rights against any premises of Buyer or its customers, Seller agrees to furnish upon Buyer's request at any time or times good and sufficient lien waivers by Seller and all other persons furnishing any such labor or material at Seller's instance or request.

26. **NON-WAIVER.** Any and all failure(s) of Buyer, or delay(s), or forbearance(s) by Buyer in enforcing at or for any time or times any of the provisions of this Order shall not be construed as a waiver thereof, or of this clause or of Buyer's rights of subsequent enforcement.

27. **DISPUTES.** Any dispute arising under this Order which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending decision of any disputes hereunder, Seller shall diligently proceed with performance of this contract as directed by RMC. Failure to do so shall be considered a material breach of this contract.

28. **COMPLIANCE WITH LAWS.** Seller warrants and agrees to observe and comply with, in the performance of this Order, all applicable federal, state and local laws, rules and regulations and to indemnify and save harmless Buyer for and from any and all liabilities, expenses, costs and damages which Buyer may be put to or incur or suffer as a result of Seller's failure or omission so to do.

29. **ANTI-KICKBACK POLICY.** It is Buyer's policy that employees may not offer, give, solicit or accept directly or indirectly, gifts, gratuities, money, loans entertainment, or other personal benefits or favors of any kind whether tangible or intangible, preferential treatment, or future benefits or employment in return for favorable treatment of or from suppliers or potential suppliers. If seller has reasonable grounds to believe

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that a violation of this policy may have occurred, Seller shall promptly notify Buyer in writing. Seller agrees to cooperate fully with any investigation of possible violation of this Anti-Kickback policy.

30. SPECIAL U.S. GOVERNMENT PROVISIONS. If this Order is for the purpose of aiding directly or indirectly in the performance of a contract with the U.S. Government, the following terms apply. (A) Rating: If this is a rated order for National Defense use, the contract and rating will be shown on the first page of the Order. You are required to follow all provisions of the Defense Priorities and Allocations System Regulation (15 CFR 700). (B) If the amount of this Order is expected to exceed \$10,000 by accepting this Order, Seller certifies that items or services furnished under this Order have been or will be produced in compliance with Far 52.222-36, Affirmative Action for Workers with Disabilities. (C) If the amount of this order is expected to exceed \$10,000 by accepting this Order, Seller certifies that items or services furnished under this order have been or will be produced in compliance with FAR 52.222-26, Equal Opportunity, and FAR 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans.

31. GOVERNING LAW AND CHOICE OF VENUE. It is mutually understood and agreed that this contract shall be governed in all respects by the law of the State of Utah, except that applicable Federal law and regulations regarding this contract shall prevail. The parties further agree that any actions arising out of or relating to this contract shall be brought in the State of Utah.