

C-WEST, LLC Terms & Conditions
Dated November 13, 2012

GENERAL PROVISIONS

1. Definitions: The following items have the meaning set forth below:

a. C-WEST, LLC - Term used to identify C-WEST, LLC. Throughout these terms and conditions, C-WEST, LLC, will be referred to as the Company.

b. Seller - The company to which the purchase order is addressed.

c. Customer - The U. S. Government and/or any private concern for which the Company is performing work.

d. Goods, materials and supplies - Terms, used interchangeably herein, that have identical meanings. Unless the context clearly indicates otherwise, the Uniform Commercial Code's definition for "goods" applies to each term. To the extent this purchase order covers services to be performed by the Seller, the above terms include such services if from the context hereof such definition is appropriate.

e. Contract - A document, including all modifications thereto, issued by a Company customer authorizing the Company to perform the services and tasks specified in stated scope of work.

f. Purchase Order - Document authorizing Seller to provide the equipment, supplies, materials and/or services listed per the terms defined therein.

2. Status of the Company: The goods or services covered by this purchase order are being acquired for the Customer pursuant to any contract and are to be used exclusively in the performance of such contract. Under the terms of the contract, title to goods purchased hereunder pass to and vest in the Customer upon delivery by the Seller, if not vested earlier by operation of law or another purchase order clause.

3. Offer to Contract: This purchase order or any change order thereto constitutes an offer to contract that the Company may revoke at any time prior to acceptance. Acceptance of the offer is expressly limited to its terms.

This clause applies to this purchase order and any change order thereto, except change order(s) or clauses thereof which represent the exercise of contractual right(s) previously set forth and agreed upon in the purchase order or any previous change order(s) thereto.

4. Formation and Construction of Contract: Upon Seller's acceptance, this purchase order becomes a final and binding contract between the parties. This purchase order will be construed per California law. Any additional or inconsistent terms or conditions contained in or accompanying the Seller's quote or invoices are null and void.

5. Assignment by the Company: This purchase order, and all rights and obligations of any kind and nature arising hereunder, may be assigned and transferred by the Company to the Customer. However, this purchase order neither binds nor purports to bind the customer or any official or representative thereof.

6. Subcontracting: Unless expressly authorized in writing by the Company, the end item or items specified in this purchase order will not be produced and/or furnished by or through a subcontractor.

7. Assignment by Seller: Unless expressly authorized in writing by the Company, neither this purchase order nor any interest therein nor claim there under will be assigned or transferred by the Seller.

8. Delivery and Passage of Title: The Seller will deliver the goods purchased hereunder to the Company at the designated point of delivery. Unless otherwise specified in the purchase order, shipments shall be consigned to C-WEST, LLC, Santa Ana, California. Title to goods purchased hereunder will remain in the Seller until delivery by the Seller to the Company, or payment or partial payment by the Company, and will pass directly to and vest in the Customer at the time of such delivery or payment, subject, however, to right of inspection and rejection for nonconformance.

9. Inspection and Rejection of Goods: All goods are subject to inspection by the Company at the designated delivery point within a reasonable time after arrival. The Company has the right to reject any non-conforming goods and will, within a reasonable time, notify the Seller of such rejection. The Seller is responsible for removal of rejected goods within a reasonable time and will promptly replace such goods with acceptable goods.

10. Warranties: Seller expressly warrants that all goods conform to applicable specification(s), drawing(s) and sample(s), that all goods will be free from defects in material and workmanship and that they will be fit for the intended use. Upon final inspection and acceptance, Seller's liability under said warranties shall be limited to liability for latent defects, fraud, or such gross mistakes as amount to fraud. Said warranties shall not be deemed to limit any warranties of additional scope given to the Company by Seller.

11. Responsibility for Goods: Except as otherwise provided:

a. The Seller is responsible for ordered goods, regardless of the point of inspection, until they are accepted by the Company at the designated delivery point; and

b. In the event of the Company's rejection of goods, the risk of loss of goods will be treated as having vested in the Seller from the beginning.

12. Payment: The Company will make payment forty-five (45) days after acceptance of goods delivered (or services rendered and accepted), less deductions, if any. Invoices shall be submitted to the Company's Accounting Department when items are shipped. Any adjustment in Seller's invoice due to shortage, late delivery, rejection or other failure to comply with the requirements of the purchase order may be made by the Company before payment.

13. Changes: **a.** After the Seller's acceptance of this purchase order, the Company may make written changes concerning:

(1) Drawings, designs or specifications where goods are to be manufactured for the Company in accordance therewith;

(2) Method of shipment or packing;

(3) Place of delivery;

(4) Delivery schedule; and

(5) Quantity.

If a change causes an increase or decrease in the price of goods or the time required for performance, an equitable adjustment will be made in the price and/or delivery schedule and the purchase order will be modified in writing.

b. Any Seller claim for adjustment under this clause must be made in writing within ten (10) calendar days of the Company's notification to the Seller; however, the Company

13. Changes (continued): may act upon any such claim at any time prior to final payment hereunder. Nothing in this clause will excuse the Seller from performance under the changed purchase order.

c. Unless expressly provided for in this purchase order, the purchase order price and/or delivery schedule will not be adjusted for Seller's performance unless such performance is directed by an authorized representative of the Company's Purchasing Department. Such direction(s) will be confirmed by written change order, which will amend the purchase order as to performance, price and/or delivery.

14. Shipment and Advance Commitments: Each container and accompanying packing list must show the purchase order number. There will be no charge for packaging, delivery or similar costs unless expressly authorized by the purchase order. All goods shall be suitably prepared for shipment to secure the lowest transportation and insurance rates and to meet carrier's requirements.

The Company may, at its option, either retain goods received in advance of the delivery schedule or return them to Seller at Seller's own risk and expense. If retained, time for payment and discount shall be based upon scheduled delivery dates. Seller shall place all orders for and schedule deliveries of goods necessary for its performance under the purchase order at such times as will enable Seller to meet, but not unreasonably anticipate, the schedule of deliveries set forth herein. In the event of termination of or changes to the purchase order, the Company shall not be liable for any charges or costs arising out of commitments by Seller for the acquisition of said goods or out of work performed hereunder in advance of the time necessary to meet the delivery schedule hereunder, unless the Company has given its prior written consent to such advance commitments of work.

15. Defense Priority and Allocation Requirements: The following is applicable if this purchase order has a priority rating:

The Seller will use the appropriate rating and program identification, DO or DX, as assigned to the purchase order.

It is mandatory to extend the appropriate rating and program identification when placing purchase orders. The Seller will advise first, second or subsequent tier subcontractors of this mandatory requirement.

An order is "rated" when it contains the prefix DO or DX and appropriate program identification. It must contain:

- a. The priority rating (the prefix DO or DX) followed by program identification (i.e. A7, D1, etc.);
- b. Per FAR 52.211-15 (Apr 2008), apply the following statement:

“This is a rated order certified for national defense, emergency preparedness, and energy program use, and the Contractor shall follow all the requirements of the Defense Priorities and Allocations System regulation (15 CFR 700).”

- c. The signature of an authorized company official placing the order.
- d. The specific delivery date(s) required.

16. Variation in Quantity: No variation in quantity of any item in this purchase order will be permitted. This does not include variations approved in advance by the Company

16. Variation in Quantity (continued): (those caused by a condition of loading, shipping or packing, or an allowance in manufacturing process).

17. Federal, State and Local Taxes: The Seller will separately itemize any direct taxes imposed by federal, state or local law on the goods furnished hereunder. Seller will accept any and all tax exemptions certificates.

18. Access to Plant: The Seller will allow the Company and representatives of Company's customers access to proper Seller facilities for inspection of the work hereunder. Such access will be based on reasonable request and will be during normal business hours.

19. Price Controls: The Seller certifies that prices invoiced under this purchase order will not exceed maximum levels established by any government authority.

20. Occupational Safety and Health Warranty: Seller warrants that goods sold or service rendered to the Company will conform to the standards and/or regulations promulgated by the U. S. Department of Labor under the Occupational Safety and Health Act of 1970 (29 USC 651, PL 91-596).

21. Conflict of Interest: The Seller is hereby notified of the Company's "Conflict of Interest Policy" prohibiting financial or other interest in any Company supplier company or activity by the Company's employees to the extent a conflict of interest could exist. No Company employee, nor any member of his/her immediate family, may directly or indirectly accept money, loans, goods, services or rebates in return for leases, contracts, purchase orders, the supplying of confidential company information, or in return for otherwise conducting his prescribed company responsibilities in a manner contrary to the Company's best interests. Company employees may not accept gifts or entertainment or travel. No Company employee who is a manager, salaried supervisor, senior staff member and no Company employee responsible for or in a position to influence:

- a. Purchasing and material activities;
- b. Establishment of criteria of specifications for outside procurement of products or services;
- c. Selection, qualification or surveillance of actual or potential sellers, or
- d. Acceptance of goods or services from suppliers;

will serve as a director or in any managerial capacity or as an employee of or be retained in any capacity by any firm which is a vendor, supplier or seller to the Company without the prior approval of the Company General Manager. Therefore, the Seller warrants no Company employee has been or will be employed, retained or associated with the Seller contrary to this policy. For breach or violation of this warranty, the Company has the right to annul this order without liability and to remove the Seller from the Company's list of prospective bidders for all items and services. The rights and remedies of the Company provided in this general provision are not exclusive and are in addition to any other rights and remedies provided by law or under this order.

22. Notice of Labor Disputes (52.222-1 Feb 1997):

- a. If the Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of the order, the Seller will immediately give notice thereof, including all relevant information, to the Company.
- b. The Seller agrees to insert the substance of this clause, including this paragraph "b", in any subcontract to which a labor dispute may delay the timely performance of this order,

22. Notice of Labor Disputes (52.222-1 Feb 1997) (continued): except each such subcontract will provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor will immediately notify the next higher tier subcontractor or the prime contractor, as the case may be, of all relevant information concerning the dispute.

23. Termination: a. The Company may at any time terminate the whole or any part of this purchase order if the Seller fails to:

(1) Make delivery of the goods or to perform the services within the time specified herein or any extension thereof, or

(2) Perform any of the other purchase order provisions, or so fails to make progress as to endanger performance of this purchase order in accordance with its terms, or

(3) Provide goods conforming to applicable specification(s), drawing(s) and sample(s).

b. Upon termination in the manner specified in a.(1) and a.(2) above, the Company has the right to require the Seller to transfer title and deliver to the Company, in the manner directed, any completed goods.

The Seller will, upon direction of the Company, protect and preserve property in which the Company has an interest. Payment for completed goods delivered to and accepted by the Company will be at the purchase order price. Payment for protection and preservation of property will be in an amount agreed upon by the Company and the Seller. The Company may withhold from amounts otherwise due the Seller for such completed goods or manufacturing materials such sums as the Company determines necessary to protect the Company against loss because of outstanding liens or claims of former lien holders.

c. Upon termination in the manner specified in 23 a.(1) and/or 23a(2) above, the Company has the right to:

(1) Procure goods and services similar to those so terminated, and

(2) Hold the Seller liable to the Company for costs in excess of the costs originally agreed. The Seller will continue performance of this purchase order to the extent not terminated under the provisions of this clause.

24. Cancellation: Without limitation of its other remedies hereunder, the Company has the right to cancel this purchase order, in whole or in part, for one or more of the following causes:

a. Failure of goods or services purchased hereunder to conform to drawings and prints, approved samples, specifications, modifications thereof, or instructions issued in connection therewith;

b. Defects of workmanship or quality in such goods or services;

c. Rejection of any such goods or services on final inspection thereof;

d. Failure to comply with shipping instructions contained herein or modifications thereof;

e. Failure of the Seller to make delivery of goods or perform services within the time specified; or to fail to make progress as to endanger performance of this purchase order in accordance with its terms;

f. Failure to comply with any other specifications, terms or conditions hereof, and/or

g. The Company's inability to perform hereunder due to causes beyond its control, including, but not limited to, fires, floods, windstorms, labor disputes, court orders and acts or demands of any person or agency exercising customer authority.

25. Suspension of Work and Shipment: Upon the Company's written request, the Seller will from time to time suspend shipment and delivery of goods, performance of services and all work and operations hereunder for such periods as the Company may request.

26. Limitations of Action: The Seller will neither bring a suit nor assert, institute or commence an action in any court on a cause of action arising hereunder if more than two years and one day have elapsed from the time said cause of action arose hereunder. Absence from the State of California will not suspend the running of such period.

27. Indemnification: Seller agrees to indemnify the Company and hold the Company harmless from and against any damages caused by the Seller's product hereunder after acceptance by the Company's customer in the event incident is caused by Seller's product, even if it is alleged or proven that some or all of the harm is the result of the Company's negligence. Seller shall not have such responsibility to the extent that harm arises from the bad faith or willful misconduct of the Company's managerial personnel, nor shall it have any responsibility for harm to the Company's workers that is covered by the Company's workers compensation insurance program.

28. Compliance with Export Laws: The information provided by the Company may be subject to the U.S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR). Seller may not export or re-export any information, technical data or supplies except in strict compliance with all U.S. export control laws and regulations, including ITAR. Technical data that are controlled by the ITAR shall not be released to foreign nationals, including employees, companies or other entities, whether inside or outside of the United States, unless the Seller shall first obtain the written consent of the Company, and shall obtain the appropriate license or other advance approval from the U.S. Government. Seller's obligation to adhere to the ITAR shall survive the expiration or termination of this purchase order. Seller hereby agrees to defend and indemnify the Company from and against any liability that the Company may incur as a result of Seller's violation of any U.S. export or re-export control law or regulation.

29. Patents: Seller shall, with respect to any device or composition of design submitted by Seller or of Seller's standard manufacture, indemnify and hold harmless the Company, its customers and agents from cost and damages as finally determined by any court for infringement of any U.S. Letter patent by reason of the sale or normal use of such device or composition, provided that Seller is promptly notified of all such actual or potential infringements, suits and is given full and exclusive control of the defenses thereof by the Company.

Seller shall, prior to filing any patent applications that disclose classified subject matter relating to this order, obtain permission from the assigned contracting officer.

30. Company's Use: The Company, its successors and assignees may subject all goods to further manufacture, may combine them with other articles, or sell to put them to any use whatsoever, and no claim for royalties or additional compensation may be made by Seller by reason of such manufacture, combination, sale or use. All unpatented ideas, information, designs, devices, prints, drawings and technical data concerning Seller's products, methods, or manufacturing processes, which Seller discloses or furnishes to the

30. Company's Use (continued): Company in connection with the order shall, except only to the extent as may be otherwise specifically agreed to in writing by the Company and Seller, be deemed to have been disclosed or furnished as part of the consideration for the order, and Seller agrees not to assert any claims (except claims for patent infringements) by reason of the Company's use, duplication or disclosure thereof.

31. Property Furnished to Seller by the Company: All designs, tools, patterns, drawings, specifications and any other information, materials or equipment, etc., furnished by the Company to Seller for use in the manufacture of the goods hereunder shall remain the Company's or the Customer's property, as the case may be. Seller shall not use any such property in the production or manufacture of larger quantities than those specified herein without first obtaining the Company's written consent thereto. Seller shall be fully responsible for all property on delivery to Seller until redelivery thereof to the Company, and shall promptly, upon completion of work, deliver all such property and productions wherefrom to the Company. Or, if the Company demands delivery of same prior to completion of the work, Seller shall deliver such property and production to the Company in accordance with the terms of said demand.

32. Time: Time shall be of the essence hereunder.

33. Confidential: Seller shall not, without first obtaining the Company's written consent, disseminate the fact that Seller has furnished or has contracted to furnish the Company the items covered hereby. Nor, except as is necessary for performance of this order, shall Seller disclose any of the details connected with this order to third parties.

34. Overtime: Seller shall not have performed overtime work, for which Seller expects compensation, in connection with this order unless prior written approval therefore is obtained from the Company. In the absence of such approval, the Company shall not recognize premium compensation payments for any purpose.

35. Waiver: No waiver of a breach of any provision of this order shall constitute a waiver of any other breach or of such provision.

36. Validity: The invalidity in whole or in part of any condition of this order shall not affect the validity of other conditions.

37. License Rights to Buyer: Seller agrees to and does hereby grant to the Company a nonexclusive, irrevocable, royalty-free right to use all data (including drawings, specifications, reports, designs and the like) called for in this order for any purpose, including the manufacture by the Company or others of items to which any such data pertains.

38. Clauses: The following clauses of the Federal Acquisition Regulations (FAR) and Department of Defense FAR Supplement (DFARS) are incorporated by reference with the same force and effect as if they were given in full text and made a part thereof:

FAR 52.202-1 Definitions (July 2004)
FAR 52.203-3 (Apr 1984) Gratuities
FAR 52.203-7 (Jul 1995) Anti-Kickback Procedures
FAR 52.204-2 (Aug 1996) Security Requirements
FAR 52.219-8 (May 2004) Utilization of Small Business Concerns
FAR 52.222-3 (June 2003) Convict Labor

FAR 52.222-4 (July 2005) Contract Work Hours and Safety Stds Act - Overtime Compensation
FAR 52.223-3 (Jan 1997) Hazardous Material Identification and Material Safety Data
FAR 52.222-20 (Dec 1996) Walsh-Healey Public Contract Act
FAR 52.222-21 (Feb 1999) Prohibition of Segregated Facilities
FAR 52.222-25 (Apr 1984) Affirmative Action Compliance
FAR 52.222-26 (Mar 2007) Equal Opportunity
FAR 52.222-35 (Sept 2006) Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
FAR 52.222-36 (June 1998) Affirmative Action for Workers with Disabilities
FAR 52.222-37 (Sept 2006) Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
FAR 52.244-6 (Apr 2010) Subcontracts for Commercial Items
FAR 52.247-64 (Feb 2006) Preference for Privately Owned U.S.-Flag Commercial Vessels
DFARS 252.225-7009 (Jul 2009) Restriction on Acquisition of Certain Articles Containing Specialty Metals

39. Laws: All disputes arising under this order or related to the goods, unless settled without undue delay by amicable arrangement of the parties hereto, shall be resolved by litigation in a court of competent jurisdiction located in Orange County, California, or another forum mutually acceptable to the parties. The laws of the State of California shall govern all disputes. Seller hereby irrevocably waives all objections to an inconvenient forum and lack of personal jurisdiction.

40. Conflicts: Seller and the Company agree that the terms and conditions of this order shall supersede any inconsistent or conflicting terms between the parties, whether oral or written. Seller warrants that the goods are in new, good and saleable condition. This order is accepted under the terms and conditions set forth. Seller, by accepting this order agrees to and accepts all of the foregoing terms and conditions of this order. Seller accepts the terms and conditions of the order by doing any of the following: (a) signing this order; (b) shipping any portion of the goods referred in this order, or otherwise fulfilling any portion of its obligations under this order; (c) accepting any payment, in whole or in part, for the goods, transportation of the goods, or otherwise in connection with this order or the goods; (d) by any other means of acceptance recognized at law or in equity.

41. Agreement: As an inducement for the Company to enter into this agreement, Seller warrants that he has read, understands and agrees to be bound by the terms and conditions of this order.

42. Counterfeit Parts: A) Supply Chain Traceability

The supplier shall maintain a method of item traceability that ensures tracking of the supply chain back to the manufacturer of all Electrical, Electronic, and Electromechanical (EEE) parts included in assemblies and subassemblies being delivered per this order. This traceability method shall clearly identify the name and location of all of the supply chain intermediaries from the manufacturer to the direct source of the product for the seller, and shall include the manufacturer's batch identification for the item(s) such as date codes, lot codes, serializations, or other batch identifications.

42: Counterfeit Parts (continued): B) Product
Impoundment and Financial Responsibility

If suspect/counterfeit parts are furnished under any purchase order, such items shall be impounded. The supplier shall be notified of impoundment. The supplier shall be liable for all costs relating to impoundment, removal, and replacement of all suspect/counterfeit parts with properly certified parts. Additionally, supplier shall indemnify, defend and save C-WEST, LLC and its customers harmless from any and all expenses, liability and loss of any kind (including all costs and expenses including attorneys' fees) arising out of claims, suits or actions regarding furnishing suspect/counterfeit parts. C-WEST, LLC may turn such items over to US Governmental authorities (Office of Inspector General, Defense Criminal Investigative Service, Federal Bureau of investigation, etc.) for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation.