

LEADING EDGE CORPORATION

Quality Form

Title: Purchase Order Terms and Conditions

Number: QF-74-2POTC

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This document sets forth the terms and conditions which govern all sales to and purchases by Leading Edge Aviation Services, a Texas corporation ("Leading Edge") of goods and services. These terms and conditions are effective as to all sales and purchases except to the extent subsequently modified.

As used throughout these Terms and Conditions and any other contract or purchase order referencing these Terms and Conditions, the following definitions apply unless the context requires otherwise:

"Leading Edge" means Leading Edge Aviation Services and any subsidiary thereof.

"Seller" or "Supplier" shall mean the contracting party with whom the order is placed.

"Articles" or "Goods" shall mean all goods and services to be supplied under the Order.

"Order" or "Purchase Order" or "Contract" or "Long Term Agreement" ("LTA") (if the context so requires) shall mean the authorized ordering mechanism placed by Leading Edge with Seller for Articles, including the Terms and Conditions set forth herein.

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AGREEMENT

The company issuing this Purchase Order shall hereafter be referred to as the "Leading Edge" and the company supplying Goods or Services shall be referred to as the "Seller." As written, this Purchase Order becomes a binding contract on the terms set forth herein, when accepted by the Seller via a formal written acknowledgement to Leading Edge or by commencement of any of the work which is the subject of the Purchase Order. This Purchase Order expressly limits acceptance to the terms and conditions stated herein and additional or different terms proposed by the Seller, including a Purchase Order acknowledgement, are rejected unless expressly agreed to in writing by Leading Edge. Leading Edge and Seller further agree that the period of limitation on the commencement of any action, suit or legal proceedings relating to this Purchase Order or to any default or alleged default hereunder, must be commenced within two (2) years from the date of the event giving rise to the claim. This Purchase Order is non-assignable by the Seller. If any term or provision of this Purchase Order or the application thereof shall be deemed invalid or unenforceable, the remaining portions shall not be affected thereby and shall be valid and enforced to the fullest extent permitted by law.

BUYER'S PROPERTY

Any and all drawings, models, software programs, tools, dies, patterns, specialty equipment or information created and specifically paid for by Leading Edge under this Purchase Order shall be the property of Leading Edge, used only to complete Leading Edge's Purchase Orders, and returned to Leading Edge when no longer required by Seller hereunder.

CERTIFICATIONS

A Certification is required for all Special Processes with applicable specification and revisions. To be included on this certification is a Certification of Conformance statement that covers all goods or services as applicable and that they meet or exceed all requirements of the Purchase Order or Contract.

RAW MATERIAL

For raw materials: legible and reproducible copies of all chemical and/or physical test reports, identifiable with the furnished materials, must accompany each shipment of material. These reports must contain the signature and title of the authorized representative of the agency performing the test and must contain sufficient information to assure conformance to specification requirements. The report must include the date, specification, drawing number and revision relative to the material including the identifying number for traceability (i.e. heat number, run number, batch number, lot number, etc.).

AGE-SENSITIVE MATERIAL

Certifications to include specification number, date of manufacture, Batch / lot number and recommended shelf life.

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BOEING SPECIFIC CERTIFICATION REQUIREMENTS

Seller is required to certify goods and services in accordance with the Boeing D6-82479, "System Requirements for Suppliers".

Seller (Leading Edge) shall ensure all Purchase Orders to Leading Edge-approved process sources contain:

A) A statement with the words, "Work to be accomplished in performance of this Purchase Order is directly related to a Boeing Company PO and must be accomplished in accordance with process specification on Purchase Order and Boeing Company D6-82479."

B) A requirement to file and maintain a copy of all Purchase Orders containing the above statement and make these available for review, upon request.

C) A requirement to submit a Certificate of Conformance ("C of C") with a unique certification number containing the following information:

- 1. Title and specification number (including revision letter) of the process;*
- 2. Name and address of the process or NDT facility;*
- 3. Boeing Company assigned processor number;*
- 4. Date the C of C was issued;*
- 5. Purchase Order part number;*
- 6. Quantity of parts (to include quantity accepted/rejected);*
- 7. Signature and title of authorized quality agent of seller; and*
- 8. Fracture durability classification or serialization when required.*

D) A requirement to ensure parts are suitably wrapped, boxed or racked to guard against shipping damage and apply rust or corrosion protection.

A complete copy of, "Boeing Quality Management System Requirements for Suppliers" can be obtained at the following URL address:

www.boeingsuppliers.com/supplier/D6-82479.pdf

CHANGES

Leading Edge reserves the right at any time to make written changes in any of the following: (a) specifications, drawings and data incorporated in this contract where the terms to be furnished are to be special manufactured for Leading Edge, (b) methods of shipment or packing, (c) place of delivery, (d) time of delivery, (e) manner of deliver, and (f) requested quantities. If any such change causes an increase or decrease in the cost or the time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule or both. An authorized representative of Leading Edge, in writing, must approve any claim by Seller for adjustment under this clause before the Seller proceeds with such change. Price increases shall not be binding on Leading Edge unless evidenced by purchase or change notice or revision issued and signed by an authorized representative of Leading Edge.

Notwithstanding the above, if Leading Edge enters into an agreement with a customer which provides for no cost increase as a result to changes in delivery or work schedule, this same provision will apply to any Purchase Order(s) issued hereunder to Seller.

Changes may be ordered by Leading Edge only by a writing signed by an authorized representative of Leading Edge's Purchasing Department, which expressly states that it constitutes a change to a specified purchase order. If Seller believes that any other conduct has constituted a change under an order, it will notify Leading Edge immediately in writing as to the nature of such conduct and its effect upon Seller, but will take no steps to implement a change absent written direction from an authorized representative of Leading Edge's Purchasing Department consistent with the preceding sentence.

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COMPLIANCE WITH LAWS

Seller agrees that all equipment or goods produced under this Purchase Order, or Services performed hereunder shall comply with all applicable federal, state and local laws, ordinances and regulations. Unless otherwise expressly set forth herein, the laws of the state of California shall apply to and govern the interpretation, performance and enforcement of this Purchase Order. Seller further guarantees that all equipment furnished by the Seller in performance of this Purchase Order shall comply fully with the Occupational Safety and Health Act, as amended, and state plans approved under such Act, and the regulations hereunder, to the extent applicable to such equipment, and the Seller shall indemnify Leading Edge and its customers from and against any claims, loss or liability arising from failure of such equipment to comply therewith.

Without limiting the generality of the forgoing, the Seller agrees to comply with the applicable provisions of the following laws and any regulations, rulings or executive Purchase Orders (or any amendments thereof or successors thereto), including but not limited to the following: (a) The Fair Labor Standards Act (29 U.S.C. 201 et seq.), (b) The Federal Occupational Safety and Health Act (OSH Act) (Pub. L. 91-596) (29 U.S.C. 651 et seq.), (c) Non-discrimination in Employment (Executive Purchase Orders as amended and the rules, regulations, and relevant Purchase Orders of the Secretary of Labor), and, insofar as applicable to the Purchase Order, the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45) and the Work Hours Act of 1962 (40 U.S.C. 327-332), and any amendments thereof. Seller further certifies that it has and will comply with Executive Order 13201 issued February 17, 2001 and all laws and regulations concerning the export and import of goods and technical data

ENVIRONMENTAL COMPLIANCE

All Purchase Orders and Contracts include the environmental compliance expectations of Leading Edge. Seller shall be responsible for complying with all laws, including, but not limited to, any statute, rule, regulation, judgment, decree, Purchase Order or permit applicable to its performance under this Contract. Seller further agrees:

- (1) To notify Leading Edge of any obligation under this Contract which is prohibited under any applicable environmental law, at the earliest opportunity but in all events sufficiently in advance of identification of alternative methods of performance, and
- (2) To notify Leading Edge at the earliest possible opportunity of any aspect of its performance which becomes subject to additional environmental regulation or which Seller reasonably believes will become subject to additional environmental regulation during performance of the Contract

EQUAL EMPLOYMENT OPPORTUNITY

Seller is on notice that Leading Edge may utilize the Goods specified in this Purchase Order in the transaction of business with the U.S. Government. Seller is therefore deemed to have assumed the obligation of compliance with Executive Order 11246 and said Amendments, and unless otherwise exempt under the rules, regulations and

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Purchase Orders of the Secretary of Labor, this Purchase Order is subject to the laws, regulations, and policies of the Equal Employment Opportunity Commission.

FORCE MAJEURE

Either Leading Edge or Seller may suspend performance during the occurrence of an excusable delay, which shall mean and include any delay not occasioned by the fault or negligence of the delayed party and which results from the acts of God or public enemy, restrictions, prohibitions, priorities, or allocations imposed by governmental authority, embargoes, floods, fires, typhoons, earthquakes, epidemics, unusually severe weather, delays of similar nature or governmental causes, and strikes or labor disputes (of or involving the delayed party's employees only). Excusable delays do not include lockout, shortage of labor, lack of or inability to obtain raw materials, fuel or supplies or any other industrial disturbance.

HAZARDOUS SUBSTANCES IDENTIFICATION

By acceptance of this Purchase Order, the Seller certifies that any hazardous substance(s) furnished pursuant to this Purchase Order have been properly labeled and that proper information of the substance(s), (e.g., Material Safety Data Sheets) has been provided to Leading Edge, pursuant to any federal, state or local laws and regulations.

INDEMNIFICATION

Seller agrees to defend, indemnify and hold harmless Leading Edge and its affiliates, and their officers, agents, employees, successors and assigns, against any claims, loss, damage or expense, including, without limitation, payment of direct, special, incidental and consequential damages, and expenses of defending claims, including attorneys' fees arising out of or relating to the Order. This duty to defend, indemnify and hold harmless extends to any suit, claims, judgment or demand which may arise out of or in connection with Seller's performance or nonperformance of any Purchase Order placed by Leading Edge, out of or in connection with Seller's breach of warranty, out of any defect in the supplies or materials, out of any patent infringement or misappropriation of trade secrets, or failure of Seller to pay royalties, or any other breach of Seller's obligations hereunder, whether such claim or suit is based upon contract, warranty, strict liability in tort, negligence, or other legal theory, and also extends not only to "third party claims" but also to any direct loss suffered by Leading Edge.

INSPECTION

All goods shall be received subject to Leading Edge's inspection and acceptance or rejection. In case any of the goods is found to be defective or otherwise not in conformity with the requirements of this Purchase Order, Leading Edge shall have the right to reject the same or require that such goods be corrected or replaced promptly with satisfactory goods. If Leading Edge so rejects the goods or if the Seller, when requested by Leading Edge, fails to proceed promptly with the replacement or correction thereof, Leading Edge may either terminate this Purchase Order for default or may replace or correct such goods and in either event may charge the Seller the cost of damages occasioned Leading Edge thereby. Rejected, defective goods or rejected

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goods not in accordance with Leading Edge's specifications shall be held for the Seller's instruction and at the Seller's risk, and if Seller so directs, shall be returned at Seller's expense. Unless Leading Edge, at its option notifies Seller to the contrary, no goods returned as defective shall be replaced without a new Purchase Order. Payment for goods on this Purchase Order prior to inspection shall not constitute an acceptance thereof.

If a First Article, complete with an inspection report, is required prior to commencing production it will be stated as such on the Purchase Order. Any parts produced prior to approval of a First Article Inspection are produced at Seller's risk.

Serialization requirements are imposed for all parts. All parts have unique serial numbers assigned and Seller shall maintain Serial Number Traceability at all stages of manufacturing or processing. Serial Numbers shall be indicated on all certifications, shipping reports and or document.

If Source Inspection, either Leading Edge, Customer and/or Government, is required prior to shipment, it will be stated as such on the Purchase Order. Any parts shipped without the required inspection will be returned at the Seller's expense.

Acceptance of goods shall be accomplished at Leading Edge unless otherwise specified in writing. Evidence of inspection at the supplier's facility does not constitute acceptance. Government inspection shall not constitute Leading Edge's acceptance; nor shall it in any way relieve the supplier of their responsibility to furnish an acceptable end item.

In addition to any other rights it may have under the relevant Purchase Order, these terms and conditions, or otherwise, Leading Edge may recover by offset or otherwise any and all costs, expenses and damages paid, incurred or suffered as a result of or relating to holding, returning, replacing, correcting or rejecting defective or nonconforming goods or services.

The inspection, review or approval by Leading Edge of any work, or of any drawing, design or other document, will not be deemed to relieve Seller of any of its obligations under any purchase order or constitute a waiver of any defects or nonconformities. The acceptance by Leading Edge of any goods or services under any purchase order will not be deemed to limit or affect any warranty or right of indemnity granted by Seller under such purchase order, these terms and conditions or otherwise.

INSURANCE

Seller agrees to provide and maintain insurance coverage from reputable insurance companies until the Purchase Order work is completed and accepted by Leading Edge, and to furnish certificates from its insurance carriers showing that it carries insurance with the following minimum limits: (a) Statutory Workers' Compensation and Occupational Disease coverage in accordance with the laws of the State(s) in which the work is to be performed and Employers' Liability for not less than \$1,000,000; (b)

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Comprehensive General Liability insurance with Seller's contingent with a Combined Single Limit (Bodily Injury/Property Damage) Liability of \$1,000,000 per occurrence, with Leading Edge named as an Additional Insured; (c) Automobile Public Liability, including non-ownership and hired car-coverage, with Combined Single Limit Liability (Bodily Injury/Property Damage) of \$1,000,000 per occurrence.

PACKING AND SHIPPING

Seller shall pack, mark and ship all goods and supplies in accordance with the requirements of Leading Edge's Packing, Marking and Shipping Instructions as presented by Leading Edge to Supplier from time to time, subject to any modifications or additional terms set forth in the relevant Purchase Order, and so as to be in compliance with all applicable transportation regulations and good commercial practice for protection against damage from weather and shipment, including any applicable Federal, State and local laws and regulations for the packaging, labeling, transportation and shipping of hazardous materials. Seller shall secure the most advantageous transportation services and rates consistent therewith. No separate or additional charge is payable by Leading Edge for containers, crating, boxing, handling, dunnage, drayage or storage unless specifically stated in the Purchase Order or otherwise agreed to by Leading Edge in writing. Seller shall mark each container with the number of the Purchase Order, part number and any other markings called for on the face of the Order and/or shipping instructions, and shall enclose a packing slip with the purchase order number item description, part number, serial number, quantity and total number of containers in an envelope attached to each container. Certifications required on the face of the Order or by the technical data must also be included with the shipment of articles. Damage resulting from improper packing or shipping will be charged to Seller.

INVOICING

All Leading Edge invoices are to be forwarded to Leading Edge's Accounts Payable Department, 3132 Airway, Costa Mesa, California, 92626. Each invoice must:

- (a) Show the relevant Leading Edge purchase order number;
- (b) Itemize all taxes to be paid by Leading Edge;
- (c) Contain line item number, description, unit price, quantity and extended price, if any; and
- (d) If requested by Leading Edge in writing, contain Seller's certification that all goods and services reflected therein were produced and supplied in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the U.S. Department of Labor issued thereunder.

Failure to detail any of the above may result in a delay in payment by Leading Edge.

Leading Edge may offset against any amounts due under Seller's invoices: (a) any damages resulting from Seller's default under or breach of any contract (including any purchase order and these terms and conditions); (b) any amount owing from Seller to Leading Edge; or (c) any adjustment for shortage or rejection and any costs occasioned thereby.

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If, in its discretion, Leading Edge accepts any shipment ahead of schedule, Leading Edge may make payments therefore on the basis of the scheduled delivery date. The date for the calculation of Leading Edge's entitlement to take a discount under any Seller invoice will be the date materials acceptable to Leading Edge are received, the date an acceptable invoice is received or the scheduled delivery date, whichever is the latest.

All prices indicated in purchase orders include all applicable taxes, impositions including but not limited to import and export duties and other similar charges, unless specifically indicated otherwise in such purchase order.

PATENTS

Seller agrees to hold Leading Edge harmless from liability as well as from all costs and expenses relating to a claim of patent or trademark infringement by reason of the use or sale of the Goods by Leading Edge, or its customers, provided the Goods are used as normally intended and are not made to Leading Edge's own specifications.

PERFORMANCE

Time is of the essence on this Purchase Order and deliveries are to be made in quantities and at times specified in schedules furnished by Leading Edge. Leading Edge shall have no liability for payment for goods or items delivered to Leading Edge, which are in excess of quantities specified in the delivery schedule or the direct temporary suspension of scheduled shipments. Seller acknowledges that it is aware that Leading Edge intends to use the Goods in connection with the manufacture of goods for sale to Leading Edge's Customers under contracts that require timely delivery. In the event of default on the part of Seller to deliver conforming Goods to Leading Edge on time, Seller acknowledges that it shall be liable to Leading Edge for Leading Edge's incidental and consequential damages incurred by reason of such default. Acceptance by Leading Edge of late delivery of either the whole or part of the Purchase Order shall not constitute a waiver of any claim for damages which Leading Edge may have arising from and out of such late delivery. Goods shipped to Leading Edge in advance of delivery schedule, without express written consent of Leading Edge, may be returned to the Seller at Seller's expense.

PRICE & TAXES

All prices shall be F.O.B. point of delivery (destination), unless otherwise specified herein; inclusive of applicable taxes, excises, duties, quotation fees or any other governmental impositions on or related to the production, sale or transportation of the Goods, ceiling or other limitation of price established by any governmental authority, and subject to increase only with prior written consent of Leading Edge.

PROPRIETARY RIGHTS

All technical information in the nature of design blueprints, models, specifications, parts lists, engineering data for production, product know how or manufacturing technology which is supplied to the Seller by Leading Edge to facilitate or assist in the performance

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of this contact shall, unless otherwise agreed, be considered and kept confidential by the Seller. Upon completion, cancellation or termination of this Purchase Order, Seller shall return all proprietary information submitted by Leading Edge.

PUBLICITY

The Seller shall not, without first obtaining the written consent of Leading Edge, in any manner, advertise, publish, or convey by word of mouth the fact that the Seller has contracted to furnish Leading Edge the goods herein ordered.

QUALITY SYSTEM REQUIREMENTS

The applicable quality system requirements will be defined on the Purchase Order in the form of Leading Edge's Customer name and the Program that the product belongs to.

Boeing D6-82479 (AS9100 Rev A) Quality System Requirements are hereby imposed.

Seller is required to maintain a Quality System in compliance with the Boeing document D6-82479, "Boeing Quality Management System (BQMS) Requirements for Suppliers", Appendix A. A copy of D6-82479, "BQMS Requirements for Suppliers", including all appendices and addenda, can be obtained at the following URL address:

<http://www.boeing.com/companyoffices/doingbiz/supplier/>

Northrop Grumman (SQAR) Quality System Requirements are hereby imposed.

Seller is required to maintain a Quality System in compliance with the Northrop Grumman document SQAR, "Supplier Quality Assurance Requirements". A copy of SQAR, "Supplier Quality Assurance Requirements" can be obtained at the following URL address: <https://oasis.northgrum.com/contract/qualdocs.htm>

Lockheed Martin Appendix QR Quality System Requirements are hereby imposed.

Seller is required to maintain a Quality System in compliance with the Lockheed Martin document Appendix QR, "Seller Quality Program Requirements". A copy of Appendix QR, "Seller Quality Program Requirements" can be obtained at the following URL address: <http://www.ammc.external.lmco.com/qr.pdf>

Leading Edge reserves the right to conduct surveillance at Seller's facility to determine that Seller's Quality System meets the requirements as set forth herein.

RECORDS

Records shall be legible and identifiable to the product involved. Records that substantiate conformance to the finished product with the specified requirements and the effective operation of the quality system shall be retained for a period of (7) years from final payment and shall be made available on request.

NOTE: Records may be in the form of any type of media, such as hard copy or electronic, and may include but are not limited to the following: records pertaining to inspection, certification of processes, certification of material, test reports, qualification data, Purchase Order records and design data applying to this Purchase Order.

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RIGHT OF ENTRY

Seller shall provide and obtain for Leading Edge, Leading Edge's Customers, and appropriate regulatory agencies access to any and all facilities, including those facilities of Seller's subcontractors, where work on Items is being performed or is scheduled to be performed under this Purchase Order ("PO"). Leading Edge shall have right to perform in-process inspection, audits, and system surveillance at Seller and Seller's subcontractors' facilities as part of verification of conformance to the requirements of this PO.

SPECIAL PROCESSING SUPPLIER / NDT SUPPLIER REQUIREMENTS

Qualified Products, Qualified Personnel, Process Control, Control of Quality Records, Indication of Inspection Status and Adequate Work Instructions.

BOEING – D1-4426

F-22 – use Lockheed QCS-001

All manufacturing and inspection processes which are controlled by D1-4426, "Boeing Approved Process Sources" shall be performed only by sources specified in the document. A copy may be obtained at the following URL address: <http://www.boeing.com/companyoffices/doingbiz/d14426/index.html>

NORTHROP GRUMMAN

F-18 – use Boeing D1-4426

JSF – use Lockheed QCS-001

All manufacturing and inspection processes, which are controlled by "Northrop Grumman Approved Processors List", shall be performed only by sources specified in the document. A copy may be obtained at the following URL address: <https://oasis.northgrum.com/contract/cadapl/aplindex.htm>

LOCKHEED MARTIN - QCS-001

All manufacturing and inspection processes, which are controlled by QCS-001, "Processor Quality Requirements", shall be performed only by sources specified in the document. A copy may be obtained at the following URL address: <http://www.ammc.external.lmco.com/qcs/cgi-bin/qcs.pl>

STATISTICAL PROCESS CONTROL REQUIREMENTS

The applicable statistical process control requirements will be defined on the Purchase Order in the form of Leading Edge's Customer name and the Program that the product belongs to. If statistical process control is required, it will be stated as such on the Purchase Order and coordination will be required with Leading Edge QA department.

Boeing D6-82479 Addendum 1 Statistical Process Control Requirements are hereby imposed.

Seller is required to prepare the necessary documents in accordance with the Boeing document D6-82479 Addendum 1, "Boeing Quality Management System (BQMS) Requirements for Suppliers". A copy of D6-82479 Addendum 1, "BQMS

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Requirements for Suppliers", can be obtained at the following URL address:

<http://www.boeing.com/companyoffices/doingbiz/supplier/>

Northrop Grumman Supplier Process Variability Reduction Program Guidelines are hereby imposed.

Seller is required to prepare the necessary documents in accordance with the Northrop Grumman document, "Supplier Process Variability Reduction Program Guideline". A copy of "Supplier Process Variability Reduction Program Guideline" can be obtained at the following URL address:

<https://oasis.northgrum.com/general/docs/masterspvr.pdf>

Lockheed Martin Appendix Y Statistical Process Control Supplier Requirements are hereby imposed.

Seller is required to prepare the necessary documents in accordance with the Lockheed Martin document Appendix Y, "Statistical Process Control Supplier Requirements". A copy of Appendix Y, "Seller Quality Program Requirements" can be obtained at the following URL address:

<http://www.ammc.external.lmco.com/appy.pdf>

Leading Edge reserves the right to conduct surveillance at Seller's facility to determine that the Statistical Process Control System meets the requirements as set forth herein.

SUBCONTRACTING

Subcontracting all or part of the work procured on this Purchase Order without written approval of Leading Edge is prohibited. All approved subcontracted operations must meet all provisions of the Purchase Order and be certified to by the subcontractor.

TERMINATION

Leading Edge may terminate work under this Purchase Order in whole or in part at any time by letter, fax or telegraphic notice to the Seller. Such notice shall state the extent and effective date of such termination and upon receipt thereof, Seller shall, as and to the extent directed by Leading Edge, stop work under this Purchase Order and the placement of further Purchase Orders or sub-contracts hereunder, terminate work under Purchase Orders and sub-contracts outstanding hereunder, and take any necessary action to protect property in the Seller's possession in which Leading Edge has or may acquire an interest. If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to the Seller for such termination, Leading Edge, in addition to making prompt payment of the amounts due for goods delivered or Services rendered prior to the effective date of termination, shall pay to the Seller the following amounts without duplication: (a) the contract price for all goods or Services which have been completed in accordance with this Purchase Order and not previously paid for, or (b) the actual costs incurred by the Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this Purchase Order. In any case, the negotiated settlement amount shall not exceed the aggregate price specified in this Purchase Order.

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WARRANTY

Seller warrants that the Goods, including material and workmanship, furnished hereunder shall be of the highest grade and quality unless otherwise specified by Leading Edge in writing; shall not be less than merchantable and fit for the particular purpose(s) known by or disclosed to Seller; shall meet specifications, drawings, or standards agreed upon or samples submitted or approved by Leading Edge; and shall conform to any referenced additional documents. Seller warrants that the Goods shall comply with all applicable federal and state laws and shall be in compliance with all standards and agreements incorporated and made a part of this Purchase Order. In the event that any Goods are not in compliance with any state or federal law or regulation or not in compliance with any agreement or standard incorporated herein, now existing or hereafter enacted or amended, or are otherwise defective hereunder, Leading Edge may (at Leading Edge's option) return the defective Goods to Seller who shall refund to Leading Edge its cost, including all freight charges, or repair, correct or replace the defective Goods at Seller's cost and expense.

Payment by Leading Edge shall not constitute an acceptance of Goods or a waiver of any rights of Leading Edge hereunder. All warranties granted hereunder shall extend to Leading Edge, its affiliates, successors, customers and other users of this goods or equipment.

MOST FAVORED CUSTOMER

Seller warrants that it will not charge Leading Edge more for any goods or services, or any item thereof, than it charges its best customers under comparable conditions. Seller will refund to Leading Edge promptly upon demand any amounts paid by Leading Edge which reflect a breach by Seller of the immediately preceding sentence.

SUSPENSION OF WORK

Leading Edge may, at any time, by written order to Seller, require Seller to stop all, or any part, of the work called for by a purchase order for a period of 90 days after the order is delivered to Seller, and for any further period to which the parties may agree. Upon receipt of the order, Seller will immediately take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within the indicated 90 day period, Leading Edge will either (i) cancel the stop-work order, or (ii) let such stop-work order expire, or (iii) terminate the work covered by the stop-work order either for default or for convenience in accordance with these terms and conditions and the relevant purchase order. If a stop work order is cancelled or allowed to expire, and the suspension effected thereby has a material effect on Seller's costs or ability to meet the purchase order's delivery schedule, Leading Edge will make an adjustment in the delivery schedule or purchase price (but with no increase in profit allowed), or both, and the purchase order will be modified accordingly, but only if requested by Seller in writing within twenty (20) days after the suspension ends.

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DEFAULT

Time is of the essence in the Purchase Order. It will be considered a default under any purchase order and these terms and conditions if Seller: (i) refuses or fails to deliver any goods or perform any services strictly within the time specified in such purchase order; (ii) fails to strictly comply with any other provision of such purchase order or these terms and conditions; (iii) fails to make progress so as to endanger performance of such purchase order in accordance with its terms and these terms and conditions, or repudiates such purchase order; or (iv) suspends its business or become insolvent or subject to any law relating to bankruptcy, insolvency or relief from creditors, or takes any action in anticipation thereof.

In the event of any default by Seller under any purchase order or these terms and conditions, Leading Edge may terminate such purchase order (and all related purchase orders. In the event of any such termination for default, Seller will be liable to Leading Edge for any and all damages sustained by reason of such default.

(a) If Leading Edge terminates any purchase order for default in whole or in part, it may acquire, under the terms and in the manner that Leading Edge considers appropriate, supplies or services similar to those terminated, in which case Seller will be liable for any excess costs for those supplies or services. Upon a termination in part, Seller will continue any work not terminated.

(b) If, after termination, it is determined that the Seller was not in default, or that the default was excusable, the rights and obligations of the parties will be the same as if the termination had been issued for Leading Edge's convenience.

(c) The rights and remedies of Leading Edge in this clause are in addition to any other rights and remedies provided by law or under this contract.

TERMINATION FOR CONVENIENCE

Whether or not a purchase order relates to a government contract, Leading Edge may terminate any purchase order in whole or in part in accordance with the termination clause set forth in the United States Federal Acquisition Regulation (FAR 52.249-2) and the policies and principles set forth in Part 49 of the FAR, all of which are hereby incorporated by reference, except that in FAR 52.249-2: (i) the term "Contractor" shall be deemed to mean Seller; (ii) the terms "Contracting Officer" and "Government" shall be deemed to mean Leading Edge; (iii) the one year period in paragraph (d) for submitting a final termination settlement proposal is reduced to sixty (60) days; and (iv) the 90-day period in paragraph (k) for submission of a proposal for an equitable adjustment of the price in the event of a partial termination is reduced to thirty (30) days. The Seller shall use its best efforts to mitigate the costs arising from such termination. In no case shall the amount payable by Leading Edge for the terminated work exceed the price which would have been payable by Leading Edge had the work been completed. Leading Edge reserves the right to recover any partly completed work, including but not limited to any relevant tools, fixtures, jigs, documentation or raw material. The failure of Seller to file a claim within the applicable period in accordance with the FAR and the immediately preceding sentence will constitute a waiver and be the basis for a complete denial of any such claim. The provisions of this Paragraph 13 shall not be deemed to limit or affect the rights or remedies of Leading Edge provided elsewhere in any

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purchase order, these terms and conditions, or provided by law in the event of default or breach by the Seller.

NC PROGRAMS, TOOLS AND MATERIALS

Title to and the right of immediate possession of all NC programs, tools, dies, patterns, replacements and materials furnished or paid for as a direct charge by Leading Edge (nonrecurring charges) or called out as a special item for use under any purchase order ("special tooling and materials") will be and remain in Leading Edge. All special tooling and materials will not be used in the production of larger quantities than those specified by Leading Edge in a purchase order. Upon completion of any relevant purchase order, all special tooling and materials will be disposed of by Seller or returned to Leading Edge, as Leading Edge shall direct. All special tooling and materials will be segregated by Seller at Seller's plant and clearly marked as belonging to Leading Edge will be used solely in the performance of work ordered by Leading Edge will be insured against loss and will not be copied. Seller assumes complete liability for all special tooling and materials while in Seller's possession. Seller will reimburse Leading Edge for damage to Leading Edge's special tooling beyond normal wear and tear while in Seller's possession. Leading Edge reserves the right to use at any time all special tooling and materials. Seller will be responsible to Leading Edge for any and all consigned materials. Seller will communicate to Leading Edge, in such manner and such times as Leading Edge directs, any and all instances wherein Seller fails to yield prescribed requirements from Leading Edge's material. Upon completion of specific purchase order requirements, Seller will furnish to Leading Edge any and all residual materials and an accounting of any and all deviations from the prescribed order requirements. At Leading Edge's direction, Seller will at its cost, return to Leading Edge any "fall off" material. If any item fabricated by Seller from material furnished by Leading Edge is defective, or any furnished material is damaged while in Seller's possession, Seller will reimburse Leading Edge to the full extent of its damages.

DESIGN WORK

Where any work in pursuance of the Order includes design work to be performed by the Seller, such design shall be deemed to have been prepared for Leading Edge and shall be considered as a work for hire and all rights and the copyright thereof shall be considered as a work for hire and all rights and the copyright therefore shall be owned by Leading Edge. Seller assigns all rights, title and interest to any such design and any such copyright to Leading Edge including all rights to registration, publication, rights to create derivative works and all other rights that are incident to ownership. In the event that any court holds such creative works not to be works for hire, Seller agrees to assign such creative works to Leading Edge at Leading Edge's request in consideration of the price paid for Articles hereunder.

PROGRESS REPORTING

Seller will submit as requested by Leading Edge progress reports and other charts and materials to provide complete visibility of planned program tasks and progress against such tasks, in any format reasonably requested by Leading Edge. Such reports may be required as frequently as weekly or daily, if necessary.

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ORDER OF PRECEDENCE

In the event of any conflict between these general terms and conditions and the terms of any purchase order or other applicable materials, except as otherwise explicitly agreed in writing by Seller and Leading Edge, the order of precedence will be: (i) in the case of any purchase order ultimately relating to a U.S. government contract, the FAR; (ii) the terms of the purchase order or long term contract agreed upon as specified herein to the extent they are other than those set forth in these terms and conditions; (iii) these terms and conditions; (iv) project specifications; and (v) project drawings.

DISPUTE RESOLUTION

Any dispute that arises under or is related to a purchase order and that relates to a matter that gives Leading Edge recourse against the Federal Government under the prime contract or applicable law shall be resolved in accordance with the Disputes clause of the prime contract as follows:

- (1) Seller will give Leading Edge a fully supported written claim concerning any such dispute within one year after the claim accrues, but in no event later than final payment under the purchase order, or Seller shall be barred from any remedy for such claim;
- (2) For any such claim of more than \$100,000, Seller shall submit with the claim a certification to Leading Edge and to the contracting officer for the prime contract that: (i) the claim is made in good faith, (ii) the supporting data are accurate and complete to the best of Seller's knowledge and belief, and (iii) the amount requested accurately reflects the contract adjustment for which Seller believes the Government is liable; furthermore, such certification shall be executed by a person duly authorized to bind Seller, and Seller shall indemnify and hold Leading Edge harmless from damages, judgments, costs (including reasonable attorneys' fees), and other liabilities arising from any breach of such certification of any violation of Section 5 of the Contract Disputes Act of 1978 (41 U.S.C. '604) or any violation of common law or statutory prohibitions against misrepresentations, fraud or false statements;
- (3) Seller will cooperate fully with Leading Edge in prosecuting any such claim and will be bound by the outcome;
- (4) Leading Edge and Seller will each bear their own costs of prosecuting any such claim; and
- (5) Nothing in this contract or a purchase order grants Seller a direct right of action under the Disputes clause of the prime contract.

Any other dispute that arises under or is related to a purchase order will be resolved by binding arbitration, in accordance with the American Arbitration Association.

Pending final resolution of any dispute arising under or relating to a purchase order, the parties will proceed with performance of the Order, and Seller's performance will be in accordance with Leading Edge's written instructions.

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GOVERNMENT CONTRACTS

With respect to any purchase order ultimately relating to a U.S. government contract, the terms and conditions found in the Federal Acquisitions Regulations ("FAR") and the Department of Defense FAR Supplement ("DFARS") shall be incorporated into these terms and conditions. Seller is deemed to assume the obligation of compliance with Executive Order 11246 and said Amendments, and unless otherwise exempt under the rules, regulations and orders of the Secretary of Labor, any Purchase Order is subject to the laws, regulations, and policies of the Equal Employment Opportunity Commission.

WAIVER AND SEVERABILITY

The failure or delay of either party to insist on performance of any provision of these terms and conditions or any purchase order, or to exercise any right or remedy available under these terms and conditions or any purchase order, will not be construed as a waiver of that provision, right, or remedy. Furthermore, if any provision of these terms and conditions or any purchase order is or becomes void or unenforceable by operation of law, the remaining provisions shall be valid and enforceable.

INTEGRATION AND MERGER

These terms and conditions together with any long term agreement referencing these terms and conditions and together with any purchase orders issued to Seller, including attachments and documents incorporated herein or therein by reference, constitute the entire agreement between Leading Edge and Seller, and supersede all prior representations, agreements, understandings, and communications between Leading Edge and Seller. No amendment or modification of this contract or a purchase order will be binding upon either party unless it is set forth in a written instrument signed by authorized representatives of both Leading Edge and Seller. The rights and remedies afforded to either party pursuant to any part or provision of these terms and conditions, any long term agreement or any Leading Edge purchase order are in addition to any other rights and remedies afforded by any other parts or provisions of these terms and conditions, any long term agreement, purchase order, by law, or otherwise.