

## **GOODS & SERVICES (EQUIPMENT)**

### **PURCHASE ORDER TERMS AND CONDITIONS**

As used in these Purchase Order Terms and Conditions (these “Terms”): “Goods” mean those goods specified on the Purchase Order to which these Terms are attached (the “Order”) and as more particularly described in the technical specifications and drawings that may be referenced in the Order or attached hereto; “Services” mean those services described on the Order as more particularly described in the technical specifications and drawings that may be referenced in the Order or attached hereto; “Agreement” means the Order, these Terms, and all documents referenced therein or attached thereto; “Buyer” means Leading Technology Composites, Inc.; and “Seller” means the person selling the Goods and/or providing the Services as listed on the Order. All other capitalized terms are as defined in the Order or below.

1. **FORMATION OF CONTRACT.** The Order is Buyer’s offer to Seller to purchase the Goods and procure the Services on the terms and conditions of the Agreement. Acceptance by Seller is expressly limited to the terms of this Order. Unless earlier canceled by Buyer, Seller accepts Buyer’s offer upon the earliest of (a) Seller’s affirmative acceptance by signature or other communication to Buyer, or (b) Seller begins performance of the Order. However, if Seller’s acceptance is by commencement of performance, Buyer reserves the right to treat its offer as having lapsed before acceptance unless Buyer is notified of such acceptance within a reasonable time. The Agreement is intended to be a complete integration and there are no other prior or contemporaneous agreements or understandings pertaining to the subject matter of the Order. The Agreement may not be modified or interpreted by reference to any prior course of dealing, usage of trade, or course of performance. Additional or conflicting terms and conditions submitted on any invoice or other documentation submitted or supplied by Seller are expressly rejected by Buyer. No modification of the Agreement will be effective or become binding unless in writing, signed by an authorized representative of Buyer.

2. **CHANGES.** Notwithstanding the foregoing, Buyer may, at any time, make written changes within the general scope of the Order that affect the: (a) technical requirements, drawings, designs, or specifications; (b) method of shipment or packing; (c) place of inspection, delivery, or acceptance; (d) quantities and delivery schedules; (e) description of time or place of performance; or (f) other similar terms and conditions. If any such changes cause an increase or decrease in the cost of or the time required for performance of the Order, an equitable adjustment will be made in the price or delivery schedule or both, consistent with such change, provided, however, that Buyer will have no liability for any change in the date of delivery for Goods or performance of the Services otherwise scheduled to be delivered or performed more than thirty (30) days from Seller’s receipt of Buyer’s notice. Any claim for adjustment under this Section may, at Buyer’s option, be deemed to be absolutely and unconditionally waived unless asserted in writing (including the amount of the claim) and delivered to Buyer within thirty (30) days from the date of receipt by Seller of the change order.

3. **OBLIGATION.** Seller agrees to sell to Buyer the Goods and perform the Services for Buyer strictly in accordance with the Agreement. Except as stated in the Order, Seller will actually perform all Services, and Seller will not delegate or allow others who are not employees of Seller or Buyer to perform or assist in the performance of the Services, except only after identifying the

person(s) and obtaining Buyer's prior written approval. Buyer may rescind its grant of permission as to any such individual at any time at its discretion, at which time Seller will replace such individual with Seller's employee, agent, or subcontractor ("Personnel") of the same or better qualifications and expertise and acceptable to Buyer. Seller will provide administrative direction to its Personnel and will ensure that its Personnel comply with all requirements of the Agreement and, while on Buyer's premises, Buyer safety and other policies.

4. **DELIVERY AND PERFORMANCE.** Seller will strictly adhere to the delivery and completion schedules specified in the Order or, if not in the Order, in a reasonable, timely manner, and agrees that time is of the essence in the delivery of all Goods, provision of all Services, and Seller's other performance hereunder. If, at any time, Seller believes it may not be able to comply with the required delivery or completion schedules, Seller will immediately notify Buyer in writing. Buyer may, in addition to all other remedies, require Seller, at Seller's expense, to ship Goods via air freight or other expedited routing and perform Services outside of Seller's normal work hours to avoid or minimize delay. Buyer may return or store, at Seller's expense, any Goods delivered more than ten (10) days in advance of the delivery date specified for such goods.

5. **PACKING AND SHIPPING.** All prices include and Seller will not charge for packaging or storage. All Goods will be packaged, marked, and otherwise prepared in accordance with the attached specification, or if no such specifications are attached, in accordance with good commercial practices to obtain lowest shipping rates and in a manner adequate to insure safe arrival of the goods to the named destination per the Order. Seller will mark on containers handling and loading instructions, shipping information, order number, item and account number, shipment date, names and addresses of Seller and Buyer, and any information required by applicable law. An itemized packing list will accompany each shipment.

6. **COMPENSATION AND PAYMENT.** Buyer will pay to Seller the price, fees, costs, and/or rate(s) as set out in the Order. Buyer is not obligated to Seller for any minimum payment or time, nor is Buyer responsible for overtime. Buyer will make the payments pursuant to the payment schedule stated in the Order, and upon submission of invoices by Seller. Interim payments will not constitute full or partial acceptance by Buyer. Unless otherwise stated in the Order, Buyer will pay final, correct invoices within thirty (30) days after receipt. Buyer may return Seller's invoices for correction or offset due to shortages, late deliveries, rejections, or other failure to comply with the requirements of the Agreement, before it pays such invoice. Seller will pay and has included in the amounts payable under the Order, any foreign, federal, state, or local sales, transportation, use, value added, duties, imposts, tariffs, or other tax (except for Buyer's income taxes) or levies, arising out of or related to the Agreement. Unless otherwise provided in the Order, all of Seller's expenses, direct or indirect, will be the responsibility of Seller unless previously approved by Buyer in writing. The foregoing compensation and reimbursement will be exclusive and in lieu, of all other amounts or types of consideration or compensation or properties, intellectual or otherwise, due or claimed by Seller arising out of or related to this Agreement. Unless stated otherwise, all amounts are in United States Dollars.

7. **TITLE AND RISK OF LOSS.** Title to all Goods passes to Buyer upon Buyer's payment of the Goods, even if possession is retained by Seller. Unless otherwise stated in the Order, the risk of loss of or damage to Goods will remain with the Seller until and will pass to Buyer upon acceptance by Buyer or its designee or customer or delivery of possession of goods to Buyer or its

designee or customer at the destination specified in the Order, whichever is later, and delivery of the Goods is F.O.B. destination. Notwithstanding the above, the risk of loss or damage to goods which so fail to conform to the Order as to give a right of rejection will remain with Seller until cure or acceptance, at which time the above will again apply.

8. SECURITY INTEREST. To secure Seller's performance of its obligations under the Agreement, Seller grants to Buyer a purchase-money security interest in the Goods, Work Product, and any results of the Services and all attachments, accessions, and proceeds thereof (the "Collateral"). Seller will promptly identify the Collateral and provide Buyer such information concerning the Collateral as Buyer may request. Buyer may file a financing statement covering the Collateral, and Seller will sign such and otherwise cooperate with Buyer in perfecting and maintaining interest in the Collateral.

9. INSPECTION AND ACCEPTANCE. All Goods and results of the Services may be inspected and tested by Buyer, its customers, and contractors at all reasonable times and places. Buyer may also subject all Goods and results of the Services to final inspection, test, and acceptance at the delivery destination and will accept or give notice of rejection within a reasonable time after receipt. No acceptance, payment, or inspection of Goods or results of the Services by Buyer will release Seller of its responsibility for any nonconformity, latent defects, fraud, mistakes, or warranty obligations. If any Goods or results of the Services is defective or otherwise not in conformity with the requirements of the Agreement, Buyer may, by written notice to Seller: (a) rescind the Order as to such Goods or Services; (b) accept such Goods or Services at an equitable reduction in price; (b) reject such Goods or Services and require the delivery of replacements at Seller's sole expense; (c) replace or correct such Goods or re-perform the Services and charge Seller the costs thereof; (d) terminate the Agreement for cause; and (e) seek any other remedies in law or equity. Any nonconforming tender of Goods will be deemed to substantially impair the value of the Order as a whole to Buyer.

10. SELLER'S WARRANTIES. Seller represents and warrants that: (a) all Goods will conform to the requirements of the Order (including all descriptions, specifications, and drawings made a part of the Order); (b) all Goods will be merchantable, fit for their intended purposes, free from all defects in materials and workmanship, and, to the extent not manufactured pursuant to detailed designs furnished by Buyer, free from defects in design; (c) the Services shall be performed in a professional manner, by qualified, competent Personnel, and in conformity with applicable law; (d) Seller and its Personnel have and will comply with all applicable laws, rules, regulations, and ordinances applicable to the Agreement, the Goods, their provision of the Services, and their other performance; (e) Buyer will receive good and merchantable title to the Goods and Work Product, free of all liens, claims, or encumbrances; (f) the Work Product, Vendor's Materials, and/or any component thereof or their use by Buyer do not infringe or misappropriate any patent, copyright, trademark, trade secret, or other proprietary right of any person, and there is no claim, litigation, or proceeding pending or threatened alleging any of the foregoing; (g) neither Seller nor its Personnel are prohibited by law, contract, or otherwise from performing the Services; (h) it has the full right, power, and authority to perform all the obligations of this Agreement without the consent of any third party, or to the extent any consent is needed, such consent has been obtained or will be obtained prior to the applicable performance; and (i) all materials delivered to Buyer will be free of viruses or other malicious code of any kind that may disable, erase, display any unauthorized message/content, permit unauthorized access, or

otherwise impair Buyer's software, hardware, data, or systems.. Neither Buyer's approval of Seller's designs or specifications nor Buyer's acceptance of Goods or result of the Services will relieve Seller of its obligations under this warranty. Buyer's warranty rights hereunder are in addition to but will not be limited by any standard warranties offered by Seller. This section will survive the termination of the Order.

## 11. INTELLECTUAL PROPERTY.

A. **VENDOR'S MATERIALS.** To the extent any software, development tools, code, know-how, trade secrets, or other materials that do not constitute Work Product are included in the Goods or used by Seller while performing Services and becomes embedded and/or incorporated into or a part of any Work Product or is necessary for the complete enjoyment of the Work Product (the "Seller's Materials"), Seller hereby grants to Buyer the license under the terms specified in the Order or, to the extent not specified in the Order, a perpetual, non-exclusive, royalty-free, world-wide, transferable, and sublicenseable license to use, copy, distribute, display, perform, modify, make derivative works of, and otherwise use the Seller's Materials.

B. **BUYER MATERIALS.** If Buyer provides Seller any Confidential Information (as defined below), other information, specifications, designs, coding, software, program material, media, documentation, report, or other materials (the "Buyer Materials), Seller may only use the Buyer Materials as strictly necessary to perform the Services for the sole benefit of Buyer during the term of and subject to the other terms and conditions of this Agreement. Except as expressly stated above, no license or right is granted hereby to Seller by implication or otherwise with respect to or under the Buyer Materials or any patent, copyright, trademark, trade secret, or other proprietary right of Buyer. The Buyer Materials are provided "AS IS," and Buyer does not warrant the accuracy, completeness, or availability of the same.

C. **CONFIDENTIAL INFORMATION.** All information obtained from Buyer or learned by Seller in connection with the Agreement or relating in any way to Buyer's business, including, without limitation, engineering drawings, specifications, the name and identity of Buyer's customers, distributors, and end users, Buyer's proprietary information and trade secrets, the terms of the Agreement, and information of third parties to whom Buyer owes a duty of confidentiality (the "Confidential Information") will be received in confidence and remain the property of Buyer. Seller will not use the Confidential Information, except to perform its obligations under the Agreement for the exclusive benefit of Buyer, and Seller will not disclose the Confidential Information to any persons, except only to its employees who have a need to know to perform the obligations under the Order. Seller will safeguard the Confidential Information in the same way that it protects its most confidential information, but in no case less than reasonable protection. Seller acknowledges that a breach by Seller of this Section will cause Buyer irreparable harm, not compensable by monetary damages alone.

D. **IP INDEMNIFICATION.** Seller will indemnify, defend, and hold harmless Buyer, its customers, and end users from all liability, loss, damage, or expenses (including but not limited to, attorneys' fees) arising out of or related to any and all claims, actions, or proceedings charging infringement or wrongful use of any patent, trademark, trade secret, mask work, copyright, or any other intellectual or proprietary right by reason of the sale, use, modification, or repair of any Goods, the Work Product, or results of the Services, unless such claims are based solely on Seller's

strict compliance with specifications supplied by Buyer to Seller. If the use, sale, or license of any Goods, Work Product, or results of the Services, with respect to which Seller indemnifies Buyer, is enjoined as a result of such action or proceeding, Seller, at no expense to Buyer will obtain for Buyer, its customers, and end users, the right to use the infringing article or will substitute an equivalent, non-infringing article acceptable to Buyer.

## 12. TERMINATION

A. **WITHOUT CAUSE.** At any time, Buyer may terminate this Order in whole or in part for its convenience. Upon such termination, Seller will immediately stop all work as specified in the notice, and Seller and Buyer will agree on an equitable settlement, which will not exceed the total price of the Goods or Services subject to such termination and be subject to the other provisions of these Terms, provided, however, Buyer will have no liability for the termination of any Order or portion thereof for which delivery or performance is required more than sixty (60) days from the date of receipt of Buyer's termination notice. Seller must submit a written termination claim within thirty (30) days after receipt of Buyer's termination notice, or such claim will be absolutely and unconditionally waived. This Section states Seller's exclusive remedy and Buyer's sole obligation with respect to a termination of the Agreement by Buyer for convenience.

B. **FOR CAUSE.** Buyer may immediately terminate this Order in whole or in part if Seller fails to deliver the Goods or perform the Services when and as required by the Agreement, fails to perform or otherwise breaches an obligation of the Agreement, or so fails to make progress as to endanger its performance in accordance with the Agreement. Upon notice of such termination, Buyer may, at Buyer's option, require Seller to transfer title and deliver to Buyer any completed or partially completed Goods, Work Product, or results of the Services as Seller has produced or acquired for the performance of the Agreement. Seller will remain liable for all damages incurred by Buyer as a result of Seller's breach and will reimburse Buyer for all such damages. In addition, Buyer may offset any such damages from any amounts of money due Seller by Buyer, whether or not such amounts arise out of the Order.

C. **REMEDIES AND OBLIGATIONS.** Seller agrees that a breach of this Agreement would cause irreparable harm and injury to Buyer, not adequately compensated by damages alone. In the event of any actual or threatened breach, Seller agrees that Buyer will be entitled to an injunction, specific performance, or other equitable relief, without an obligation to post a bond or other security, in addition to any other remedies it might have. Upon the termination or expiration of this Agreement for any reason, Seller will return to Buyer its Confidential Information, the Work Product, the Buyer Materials, and all data, materials, and other property belonging to Buyer. The obligations of Sections 7 through 17 will survive the expiration or termination of this Agreement.

13. **LIMITATION OF LIABILITY.** Buyer's maximum liability for breach or termination of the Agreement will be the least of (a) (1) the cost of existing inventory of Goods to be furnished hereunder that have passed final acceptance test and are awaiting delivery, but no more than required to fulfill the next delivery schedule following the date of termination (but not to exceed thirty (30) days), plus the existing inventory of materials in varying stages of completion with some degree of labor applied and/or individual piece part and/or raw material in stage of completion no more than necessary to meet delivery schedules, required to fulfill the next delivery

schedule following the date of termination (but not to exceed an additional thirty (30) days of deliveries), except that there will be no liability for inventories in either category which is readily usable or resaleable, plus (2) the hours of Services actually performed at the time of termination at the lesser of the rate specified in the Order or Seller's standard rate; (b) the total price of the Goods and Services that is the subject of the termination; or (c) the remedies available at law. The above remedies will be Seller's exclusive remedy and Buyer's sole obligation for Buyer's breach or termination. Under no circumstances will Buyer's liability include indirect, special, consequential, incidental, or punitive damages.

14. **APPLICABLE LAW.** The Agreement and the parties' performance and other relations will be governed by, and construed in accordance with, the internal laws of the State of Kansas, without resort to the rules governing conflict of laws, and, as appropriate, the laws of the United States of America. The parties expressly reject the application of the United Nations Convention on the Sale of Goods. Any dispute arising out of or related to the Order will be decided exclusively in a court of competent jurisdiction sitting in Wichita, Kansas, and Seller agrees and consents to the personal jurisdiction of such courts.

15. **NOTICE.** Any notice or claim provided for herein will be in writing and will be given and received (i) by personal delivery, effective upon delivery, (ii) by registered or certified mail, return receipt requested, postage prepaid, addressed to the address stated in the Order herein for the recipient, effective ten (10) business days after proper deposit in the mail, or (iii) by facsimile directed to the facsimile number first indicated herein for the recipient, but only if accompanied by mailing of a copy in accordance with (ii) above, effective as of the date of facsimile transmission with confirmation of receipt.

16. **RELATIONSHIP.** Seller is an independent contractor of Buyer and not an employee, agent, or joint venturer. Seller agrees that the personnel furnished by Seller to perform Services, whether employees, agents or subcontractors of Seller (the "Personnel"), will be, and will remain at all times during the performance of the Agreement Seller's employees, subcontractors or agents. Seller will timely pay all wages, salaries, and other amounts due to or other amounts arising from its relationship with its Personnel.

17. **GENERAL.** The rights and remedies of Buyer herein are cumulative and are in addition to any other rights or remedies that Buyer may have at law or in equity. Seller may not assign the Agreement or any interest or right herein without the prior written consent of Buyer, which may be withheld in Buyer's sole discretion. Any attempted assignment or transfer in contravention of this paragraph will be void. No failure or delay by either party in the exercise of any right or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of such right or privilege preclude other or further exercise thereof or of any other right or privilege. If any provision of the Agreement is held to be ineffective, unenforceable, or illegal for any reason, such decision will not affect the validity or enforcement of any remaining portions thereof. Headings used in the Agreement are for reference purposes only and will not be deemed a part of this Agreement. These Terms and the Order have been mutually drafted by the parties, and no rule of strict construction will be applied against any party.