

Rantec Power Systems Inc. ("Buyer") Purchase Order Terms and Conditions

Part I - General Provisions

1. Acceptance. This Purchase Order constitutes the entire contract between Buyer and Seller for the goods (which term includes all constituent materials and supplies) and/or services subject to the terms and conditions herein. Seller's acknowledgement of this Purchase Order, or its commencement of performance hereunder, or acceptance of any payment, shall constitute acceptance by Seller of the terms and conditions set forth in this Purchase Order. Buyer will not be bound to any changes unless they are in writing and signed by an authorized purchasing representative of Buyer. Any additional or different terms proposed by Seller are deemed to be material alterations, and are hereby objected to and rejected by Buyer unless the same are accepted by Buyer in writing.

2. Packing and Shipping. No charges will be paid or allowed for packing, crating, freight, local cartage, or storage unless specified herein. Seller shall at all times comply with Buyer's written shipping instructions, and unless specified otherwise, shall pack and ship all goods in accordance with best commercial practices. Seller shall mark Buyer's Purchase Order number(s) on all correspondence, packages, and shipping documents, including all packing sheets, bills of lading, airbills, and invoices. All goods shall be accompanied by packing sheets and certificate of conformance.

3. Delivery and Delay. The parties have agreed to the delivery dates established in this Purchase Order and Buyer's schedules have been based thereon. Seller's failure to deliver in accordance with the delivery dates set forth herein, unless excused, shall be deemed a material breach of this Purchase Order. No acts by Buyer, including but not limited to modifications of this Purchase Order or acceptance of late deliveries, shall constitute waiver of this provision. If Buyer, in its sole discretion, agrees to accept late delivery, Buyer may hold Seller responsible for all costs sustained by Buyer on account of such late delivery, including but not limited to additional costs resulting from expedited shipment. Any acceptance of late delivery by Buyer shall also be at such reduction in the price of goods as is equitable under the circumstances unless such late delivery has resulted from causes beyond the control and without the fault or negligence of Seller. Seller shall notify Buyer immediately in writing of any actual or potential delay to its performance under this Purchase Order. Such

notice shall include a proposed modified schedule, but Buyer's receipt or acceptance thereof shall not constitute a waiver of Buyer's rights and remedies hereunder. Buyer also reserves the right to refuse or return, at Seller's risk and expense, any excess shipments or shipments received more than one week in advance of the delivery schedule set forth herein, or if such advance delivery is accepted, to delay payment thereon until the scheduled delivery date.

4. Inspection. Buyer and its customers shall be entitled to inspect and test all materials and workmanship subject to this Purchase Order before, during, and after manufacture and delivery. If any inspection or test is made on Seller's premises, Seller shall provide reasonable facilities and assistance for the safety and convenience of the inspectors. Buyer shall have the right to reject goods that do not conform to this Purchase Order, to require their rework or replacement, or to accept nonconforming goods at a reduction in price that is equitable under the circumstances. Any costs to Buyer of rework, correction, replacement, transportation, repackaging and/or reinspection shall be at Seller's expense. If, as a result of a sampling inspection, any portion of a lot or shipment of like or similar items is found not to be in conformity with this Purchase Order, Buyer, at its option, may reject and return the entire lot or shipment without further inspection or may complete inspection of all items, reject and return any or all nonconforming units, and charge Seller the cost of such inspection. Buyer's acceptance of any nonconforming goods shall not constitute a waiver of any specification requirements for any additional goods to be delivered hereunder. Seller's responsibility to perform under this Purchase Order shall not be relieved by Buyer's failure to inspect or test any goods.

5. Changes. Buyer shall have the right, by written notice to Seller, to make changes or additions to (a) drawings, designs, statements of work, specifications, or other design documents, where Seller is specifically manufacturing goods for Buyer, (b) the method of shipping and/or packing, (c) the place and/or schedule of delivery, (d) quantities ordered, or (e) the description of services to be rendered. If such change results in an increase or decrease in the cost of, or time and schedule for, performance under this Purchase Order, Seller shall promptly notify Buyer in writing, and an appropriate equitable adjustment will be made,

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in the time or price of performance or both, to this Purchase Order. Any claim by Seller for such an adjustment must be made within fifteen (15) days from the date that Seller received such notification of change and shall be followed as soon as practicable with documentation of the proposed adjustment in time or cost. Pending resolution of any such adjustment, Seller shall continue to perform under this Purchase Order as changed.

6. Payment. Seller shall be paid the prices set forth in this Purchase Order less deductions, if any, after delivery and acceptance by Buyer and upon the submission of proper invoices. Payment due dates will be computed from the date of receipt of acceptable goods or receipt of a correct invoice, whichever is later; provided, however, that Buyer is not obligated to pay for goods shipped in advance until the normal maturity date of the invoice as based on the scheduled delivery date. Any payments made for goods prior to their final acceptance shall not be considered final acceptance. Unless otherwise specified herein, each invoice shall be sent to Buyer's Accounts Payable Department shown on the Purchase Order and shall include the appropriate Purchase Order number(s).

7. Termination for Convenience. Buyer may, upon written notice at any time, terminate this Purchase Order for convenience and without cause, in whole or in part, and such termination will not constitute default. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of work. If this Purchase Order is terminated in whole or in part for convenience (and Seller is not in breach thereof), Seller shall be reimbursed for actual, reasonable, substantiated, and permissible costs, plus a reasonable profit for work performed prior to termination; provided, however, that no amount shall be paid for any anticipatory profits and the total amount paid shall not exceed the prices contained in this Purchase Order for the terminated goods or services. Buyer may take possession of all work so performed upon written notice of termination to Seller. Seller's obligations, including but not limited to obligations under the warranty, proprietary rights, and indemnification provisions of this Purchase Order, shall survive termination.

8. Termination for Default. Buyer may, upon written notice at any time, terminate this Purchase Order in whole or in part for Seller's (a) breach of any one or more of its terms, (b) failure to meet the delivery schedule, or (c) failure to provide adequate assurance of future performance within ten (10) days (or such longer period as Buyer may grant) after receipt of Buyer's written request for such assurance where, in Buyer's judgment, Seller is failing to make sufficient

progress so as to endanger performance of this Purchase Order in accordance with its terms. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of work hereunder. If this Purchase Order is terminated for Seller's default, or if Seller is in breach of this Purchase Order at the time that it is terminated for convenience, Seller will have no claim against Buyer for any costs incurred, or for any profit, with respect to the terminated portion of this Purchase Order. Buyer's rights and remedies provided herein shall not be exclusive, but cumulative, and shall be in addition to any other rights and remedies accruing to it in law and equity.

9. Taxes. The prices set forth in this Purchase Order shall include all applicable federal, state, municipal and other taxes, and similar charges.

10. Warranty. Seller warrants that all goods to be delivered hereunder shall be free from defect in workmanship and material and shall conform to the specifications and other requirements set forth in this Purchase Order. Seller further warrants that the performance of work and services under this Purchase Order shall conform to high professional standards. The foregoing warranties shall survive inspection, delivery, final acceptance, and payment, and shall inure to the benefit of both Buyer and its customers.

11. Proprietary Rights. Unless otherwise expressly agreed in writing or limited by applicable U.S. government procurement regulations, all trade secrets, technology, concepts, designs, know-how, specifications, data, formulae, processes, information, drawings, software, inventions, and similar information disclosed or furnished to Seller by Buyer or obtained or developed by Seller in the performance of this Purchase Order or paid for by Buyer, shall be proprietary to Buyer, shall be used solely for the purpose of providing goods or services to Buyer, and shall not be disclosed to any third party without Buyer's express written consent. All such items shall be promptly returned to Buyer on request or on completion of this Purchase Order. Except as limited by applicable U.S. government procurement regulations, any invention or intellectual property that is first made or conceived by Seller in its performance of this Purchase Order, or which is derived from or based on the use of information supplied by Buyer, shall be considered Buyer's property, and Seller shall execute such documents as are necessary to perfect Buyer's title thereto. Unless otherwise agreed in writing, all specifications, information, data, drawings, software, and other items furnished to Buyer by Seller, shall be disclosed to Buyer on a non-proprietary basis and may be used and/or disclosed by Buyer without

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restriction unless required by applicable U.S. government procurement regulations or by a separate agreement executed by Buyer that restricts the use and disclosure of such information, data, software, and the like.

12. Buyer Property. Unless otherwise expressly agreed in writing, all material, tooling, designs, data, documents, and any other property supplied or paid for by Buyer in connection with this Purchase Order (a) shall be and remain the property of Buyer, (b) shall be delivered to Buyer upon request, (c) shall not be used for or disclosed to anyone other than Buyer, and (d) shall be maintained at the risk of Seller, who shall be responsible for all loss or damage to such property apart from normal wear and tear.

13. Indemnification. Seller agrees to indemnify, hold harmless, and defend Buyer and its affiliates, and their agents, employees, officers, directors, and assigns, from and against any and all costs and expenses, including attorneys' fees, which Buyer may pay or become obligated to pay, on account of any, all, and every loss, demand, claim, suit, judgment, or assertion of liability arising out of or in connection with (a) Seller's performance or nonperformance under this Purchase Order, (b) Seller's breach of any express or implied warranty, (c) the negligent or deliberate acts and/or omissions of Seller or its agents, employees, officers, or directors, (d) defects in supplies or materials, (e) charges of infringement of any patent, trademark, copyright, or mask work, or misappropriation of trade secrets, or failure of Seller to pay royalties, with respect to the use or sale of any good furnished hereunder, (f) bodily injury to or property damage or loss of any person, including Seller's or its subcontractors' employees, arising out of performance of any work hereunder, including Seller's use of premises or equipment, or (g) any other breach of Seller's obligations hereunder, whether such claim or suit is based in contract, warranty, strict liability in tort, negligence, or other legal theory. Seller's indemnity hereunder extends not only to third-party claims but also to Buyer's direct and indirect losses. Seller agrees to provide Buyer with timely notice of any potential claim, suit, or demand covered by this Paragraph 13.

14. Compliance with Law. Seller represents that it has and will continue during the performance of this Purchase Order to comply with all applicable federal, state, and local laws and regulations. Seller agrees to indemnify Buyer against any loss, cost, liability, or damage resulting from Seller's violation of any applicable law, order, or regulation. If a U.S. Government Contract number is indicated, Seller agrees that performance under this Purchase Order is subject to applicable regulations and directives of the

U.S. Government, including but not limited to those identified in these terms and conditions.

15. Export Controls. Seller agrees to comply with all U.S. export control laws and regulations. Without limiting the foregoing, Seller agrees that it will not transfer any export-controlled item, data, or services to any foreign person or foreign entity, including without limitation any foreign subsidiary of Seller, without the express written authorization of Buyer and the receipt by Seller of export authorization by the appropriate government authority. Seller shall immediately notify Buyer if it is or becomes listed on any Excluded or Denied Parties list, or if its export privileges are denied, suspended, or revoked, or if any goods or services to be delivered hereunder are restricted by export control laws or regulations.

16. Assignment and Subcontracting. This Purchase Order may not be assigned or transferred, in whole or in part, without Buyer's prior written approval which will not be unreasonably withheld, except that claims for money due hereunder may be assigned by Seller to a bank, trust company, or other financial institution, including any federal lending agency. Any payment by Buyer to an assignee of payments due hereunder shall be subject to set-off or recoupment for any present or future claims that Buyer may have against Seller arising under this Purchase Order or any other contract or order. Seller shall not subcontract for completed or partially completed goods ordered hereunder without Buyer's prior written consent, except that this limitation on subcontracting will not apply to purchases of standard commercial goods or raw materials.

17. Quality Control. Seller agrees that it shall provide and maintain a system of quality control that satisfies the Quality Control Requirements for Rantec Suppliers (available at www.rantec.com). If Buyer determines, at any time, that Seller has failed to comply with such requirements, such failure shall be deemed a default hereunder and Buyer may cancel this Purchase Order upon written notice to Seller and Buyer shall have no further obligation to Seller.

18. Order of Precedence. The various documents constituting this order shall, insofar as is possible, be interpreted so as to be consistent with one another. In the event of any ambiguity or conflict, such ambiguity or conflict shall be resolved in accordance with the following descending order of preference: (a) provisions required by statute, regulation, or U.S. Government Contract, (b) order-specific items that are typed or handwritten on the purchase order form, (c) these Purchase Order Terms and Conditions, (d) Buyer drawings, (e) specifications, and (f) documents incorporated herein by reference.

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19. No Waiver. No waiver by Buyer of any breach of this Purchase Order shall be deemed to be a waiver of any other or subsequent breach. Failure by either party to enforce any of its rights shall not constitute a waiver of any such rights or of any other rights. All rights and remedies available to the parties hereunder shall be cumulative and in addition to any rights or remedies available at law or in equity.

20. Disputes. Any controversy or claim arising out of or in connection with this Purchase Order that cannot after good faith negotiations be resolved to the mutual satisfaction of both parties, may be resolved by submission to a court of competent jurisdiction. Pending resolution or settlement of any such dispute, Seller will proceed diligently as directed by Buyer with the performance of work under this Purchase Order.

21. Governing Law. This Purchase Order is to be construed and interpreted in accordance with the laws of the state in which Buyer's office, set forth in this Purchase Order, is located, without giving effect to its conflict of law rules.

22. Severability. If any provision of this Purchase Order is found to be invalid, illegal, or unenforceable by law, the remainder of this Purchase Order will remain valid, enforceable, and in full force and effect, and the parties will negotiate in good faith to substitute a provision of like economic intent and effect.

Part II - Federal Acquisition Regulation (FAR) and Department of Defense FAR Supplement (DFARS)

If applicable, in addition to the terms and conditions set forth in Part I, above, the FAR and DFARS clauses and FAR and ITAR certifications set forth in the FAR and DFARS Supplement posted at www.rantec.com are incorporated herein by reference, with the same force and effect as if they were given in full text.

Certification Regarding Registration with the U.S. Department of State, Directorate of Defense Trade Controls.

Unless exempt because of the goods and/or services being provided under the Purchase Order, Seller is registered with the U.S. Department of State, Directorate of Defense Trade Controls, in compliance with ITAR.

BUYER ACCOUNTS PAYABLE ADDRESS:

Rantec Power Systems Inc.
1173 Los Olivos Avenue