

**FTS CNC, INC**

Corporate Office :
10161 ParkRun Dr STE 150,
Las Vegas, NV 89145

Divisions :
CA / NV / TX

FTSCNC.COM

Supplier Terms & Conditions of Purchase

(1) **ACCEPTANCE** – These Terms and Conditions of Purchase, together with the accompanying Purchase Order and FTS Supplier Quality Clauses, shall be hereinafter collectively referred to as the “Order”. This Order constitutes Buyer’s offer to Seller, and is a binding contract on the terms and conditions set forth when it is accepted by Seller either by signature on the acknowledgment copy or the commencement of performance hereunder. No condition stated by Seller in accepting or acknowledging this Order shall be binding upon Buyer if in conflict with, inconsistent with or in addition to the terms and conditions contained herein, unless such terms are approved in a writing signed by Buyer. In the event of a conflict between these Terms and Conditions of Purchase and the FTS Supplier Quality Clauses, the FTS Supplier Quality Clauses shall control.

(2) **ADVERTISING** – Seller shall not, without the prior written consent of Buyer, advertise or publish the fact that Seller has furnished or contracted to furnish Buyer with the goods and/or services that are the subject of the Order, or otherwise disclose any of the details of the Order to any third party, except as herein specified and as may be required to perform this Order.

(3) **ASSIGNMENT** – Seller shall not assign this Order, or any interest therein, or delegate any duties thereunder, without Buyer’s prior written consent, which consent shall not be unreasonably withheld. Any attempted assignment or delegation without such consent shall be void. Any consent given hereunder shall not be deemed to waive or prejudice Buyer’s right to recoupment and/or set off of any claims arising out of or in connection with this Order.

(4) **BUYER FURNISHED PROPERTY** – Seller shall be responsible and hereby assumes complete liability for any tooling, articles or materials furnished by Buyer to Seller in connection with this Order, and Seller agrees to pay Buyer for all such tooling, articles or material damaged or spoiled by it or not otherwise accounted for to Buyer’s satisfaction. The furnishing to Seller of any tooling, articles or material in connection with this Order shall not, unless otherwise expressly provided, be construed to vest title thereto in Seller.

All drawings, designs, tools, patterns, equipment and information supplied by Buyer hereunder and proprietary rights embodied therein are reserved by Buyer and their uses restricted to work to be performed for Buyer. Where no Government contract number is shown on the face of the Order and where payment is made for experimental, developmental or research work performed hereunder, Seller shall disclose and does hereby assign to Buyer all inventions resulting therefrom and does hereby grant Buyer the right to use for any purpose all data specified to be delivered under the Order.

If any Government property including, but not limited to, materials and/or special tooling is furnished to the Seller in connection with the Order, the appropriate provisions of current Federal procurement regulations on handling and control of Government Property shall be applicable to and form a part of the Order. Notwithstanding any other provisions of these terms and conditions, upon prior written notice to Buyer and to the extent such use will not interfere with Seller’s performance of purchase

orders with Buyer at the time, Seller with the U.S. Government's authorization(s), may use on other contracts all material, engineering data or other technical or proprietary information, which the Government owns, or has the right to authorize use thereof.

(5) CHANGES – Buyer shall have the right at any time, upon written notice to Seller, to make changes within the general scope of this Order in the drawings, designs, specifications, methods of shipment or packaging and place of delivery of any goods and/or services ordered hereunder, and Seller agrees to be bound thereby. No change shall be effective unless in writing and signed by an authorized representative of Buyer. If such change results in delay or an increase or decrease in cost to Seller, Seller shall notify Buyer promptly and the parties will thereupon endeavor to negotiate an equitable adjustment to this Order provided that Seller shall proceed diligently with the performance of this Order as so changed. No claim by Seller for an equitable adjustment shall be valid unless it is asserted in writing within twenty (20) calendar days from the date of such directed change, and is supported by a verifiable estimate of charges resulting from such change. Seller agrees that Buyer's engineering and technical personnel may engage in a liaison effort, in connection with this Order, including the exchange of information or advice concerning the goods and/or services to be produced hereunder. However, such activity shall not vest Seller with the authority to make any change with respect to the provisions of this Order, nor shall any change to this Order be binding upon Buyer unless in writing and signed by an authorized representative of Buyer.

(6) DISPUTES – Pending the final resolution of any dispute involving this Order, Seller agrees to diligently proceed with performance of this Order, including the delivery of goods. Seller shall submit to Buyer's authorized purchasing representative a written demand for Buyer's final decision regarding any dispute between the parties relating to this Order, unless Buyer, on its own initiative, has already rendered such a final decision. Any final decision by Buyer shall be expressly identified as such, in writing and signed by Buyer's authorized purchasing representative. Buyer's failure to render a final decision within ninety (90) days after receipt of Seller's demand shall be deemed a final decision adverse to Seller's contentions. Buyer's final decision shall be conclusive and binding regarding the dispute unless Seller commences an action to contest such decision with ninety (90) days following the date of the final decision or one (1) year following the accrual of the cause of action, whichever is later.

(7) EXCUSABLE DELAYS/FORCE MAJEURE– Excusable delays are, delays that are not reasonably foreseeable and which arise out of causes beyond Seller's reasonable control and without the fault or negligence of Seller, including but not limited to acts of God or of the public enemy, acts of the Government in its sovereign capacity, fires, floods, freight embargoes, strikes, abnormally severe weather, terrorism, epidemics, pandemics or quarantine restrictions. Delays of Seller's suppliers, including lower-tier suppliers, may be excused only when not reasonably anticipated and arising from causes beyond the reasonable control and without the fault or negligence of Seller and such suppliers (of any tier), and only when Seller could not have reasonably obtained the goods and/or services from other sources in sufficient time to enable Seller to meet the delivery schedule or dates applicable to this Order.

Buyer shall not be liable to Seller for, nor responsible to take delivery from Seller of, any goods, materials, supplies or equipment should events beyond Buyer's control make performance inadvisable, commercially impractical, illegal or impossible, or if Buyer's performance or ability to perform is adversely impacted by a force majeure event which includes, without limitation: labor disputes; supply chain disruptions; war; riot; insurrection; fire; flood; accident; storm; Act of God; epidemic; pandemic; or other cause beyond Buyer's control. Buyer shall not be responsible nor liable to Seller for any loss or damage that arises from Buyer's good faith compliance with any foreign or

domestic law, or governmental rule, order, regulation or ordinance, whether or not the same is later held invalid, inapplicable, materially altered or repealed.

(8) FINANCIAL RESPONSIBILITY –

(a) Prior to commencing work under this Order, Seller shall furnish such financial data and related information as may be reasonably required by Buyer to permit a determination of the financial capability and responsibility of Seller and Seller's subcontractors to fulfill this Order.

(b) At no increase in Order price, or cost to Buyer, Seller shall promptly submit interim financial data during the progress of work under this Order as may be reasonably requested by Buyer to determine continuing financial capability and ability to fulfill the Order.

(9) GRATUITIES – Neither Seller nor its agents or representatives shall offer or extend gratuities, such as gifts or entertainment, to any of Buyer's officers, agents or employees, regardless of the purpose or intent. The Buyer may immediately terminate this Order for default if Buyer has reasonable cause to believe that gratuities were offered or given by the Seller, or any agent or representative of Seller, to any officer, agent or employee of the Buyer or the Government. The rights and remedies of Buyer provided in this Article 9 are not exclusive and are in addition to any other rights and remedies provided by law or pursuant to this Order.

(10) INSPECTION – All materials, articles or goods that pertain to this Order may be subject to:

(a) inspection by Buyer or its representatives during the period of manufacture;

(b) inspection by Buyer or its representatives prior to shipment; and/or

(c) final inspection and acceptance at destination, notwithstanding any prior payment, inspection or acceptance.

Buyer may reject and hold at Seller's expense, subject to Seller's disposal, all materials, goods or articles not conforming to applicable drawings, specifications and/or samples. Seller agrees to replace at its expense or, at Buyer's option, to refund the price of, any article or item that fails to meet the requirements of applicable drawings, specifications and/or samples. Materials, articles or goods rejected and returned to Seller shall not be re-tendered by Seller to Buyer unless reasonable advance written notification of same is submitted to Buyer and Buyer has specifically agreed in writing to accept such re-tender. Materials, articles or goods ordered may be subject to Government source inspection, if applicable. Final Inspection and acceptance by Buyer (and, if applicable, the Government) of any materials, articles or goods delivered hereunder shall not be conclusive as to latent defects, fraud, or such gross mistakes as to amount to fraud, nor shall such inspection or acceptance in any manner relieve Seller of its warranty obligations hereunder or prevent Buyer from revoking acceptance. During performance of this Order, Seller shall maintain a Quality Control/Inspection system acceptable to Buyer. The system is subject to review, verification, and analysis by Buyer, its authorized representatives and/or Government representatives. All process work must be performed by sources approved by Buyer, Buyer's customer and/or by the cognizant military service, as applicable.

(11) INSURANCE AND HOLD HARMLESS– If the Order requires the performance of labor for Buyer, or if Seller or any of Seller's employees, representatives, agents, or subcontractors perform work on or visit the premises of Buyer in connection with performance of the Order, Seller agrees to indemnify and hold Buyer harmless from and against any and all liabilities, claims, losses, costs

(including attorneys' fees) or demands for injuries or damages to any person or property, and Seller agrees to defend any suit or action brought against them, resulting directly or proximately from the work of Seller pursuant to this Order. In addition, with respect to all such work or visits to Buyer's premises, Seller shall provide Buyer a Certificate of Insurance (and Additional Insured Endorsements) naming Buyer as an additional insured, with the following minimum coverage limits: General and Contractual Liability (\$1,000,000 single limit, \$2,000,000 aggregate); Workers Compensation Coverage (statutory limits).

(12) LAW GOVERNING –

(a) This Order shall be governed by and construed in accordance with the laws of the State of California, excluding its conflict of laws provisions, and in accordance with applicable federal laws and regulations. In the event any part of this Order is determined for any reason to be unenforceable, such determination shall have no effect on any other part hereof.

(b) If this Order is issued under a U.S. Government Prime Contract, as indicated by the U.S. Government Prime Contract number on the face of the Order, this Order shall be governed by and construed in accordance with the laws applicable to contracts with the U.S. Government, consisting of federal statutes, the Federal Acquisition Regulation (FAR), the DoD FAR Supplement and decisions of the Federal Courts and Federal Boards of Contracts Appeals. In the event the laws applicable to contracts with the U.S. Government are not dispositive, the Order shall be governed by and construed in accordance with the laws of the State of California.

(c) The uniform Laws on the International Sale of Goods and the Formation of Contracts for the International Sale of Goods under The Hague Convention shall not apply to this Order.

(13) MISCELLANEOUS CHARGES – No charges shall be invoiced by Seller for boxing, wrapping, cartage or storage other than those specified in this Order.

(14) NON-WAIVER OF TERMS AND CONDITIONS – The failure of either Buyer or Seller in any particular instance to enforce one or more of the terms and conditions of this Order, or to exercise any right or privilege in this Order, or the waiver by Buyer or Seller of any breach or default of any term or condition of this Order, shall not thereafter be construed as a waiver of any such other or similar terms, conditions, rights or privileges, and the same shall continue and remain in full force and effect as if no such failure to enforce had occurred.

(15) OSHA – Seller represents and warrants that any equipment which may be supplied under this Order shall comply with all provisions of the Occupational Safety and Health Act (OSHA).

(16) PACKING SLIPS – Packing slips must accompany all shipments. The Buyer's count will be accepted as final and conclusive on all shipments not accompanied by packing slips. The Buyer's order number and Seller's packing slip number, description and count must appear on all invoices, packages, and bills of lading.

(17) PACKAGING – All articles shipped under this Order are to be packaged in a manner that will provide for efficient handling and will prevent damage to the materials, articles or goods during shipment and storage. Damage to any materials, articles or goods resulting from improper packaging will be charged to the Seller. No additional charges will be allowed for boxing, packaging, returnable containers, or transportation thereof, unless stated on the face of this Order.

(18) PATENT INDEMNITY – Seller agrees, upon receipt of notification, to defend and indemnify, and promptly assume full responsibility for the defense of, any claim, action, suit or proceeding that may be brought against FTS Machine, Inc., and any of its subsidiaries or affiliates, employees, agents or vendees, hereinafter for the purpose of this clause collectively referred to as the “Buyer”, for alleged patent infringement, as well as for the alleged unfair competition resulting from similarity in design, trademark or appearance of the goods provided hereunder, by reason of the use or sale of any goods furnished pursuant to this Order, except for goods manufactured entirely to Buyer’s specifications. Seller further agrees to indemnify Buyer and hold it harmless from and against any and all expense, loss, royalties, profits and damages, including court costs and attorney’s fees, resulting from the bringing of such claim, action, suit or proceedings, including any settlement or decree or judgement entered in any such or related proceeding. Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires. Seller’s obligations hereunder shall survive the acceptance of the goods or services provided hereunder, and payment therefor by Buyer.

(19) PRICE WARRANTY – The Seller warrants that the prices of the goods that are the subject of this Order are competitive and do not exceed those charges by the Seller to any other customers purchasing the same goods in like or lesser quantities and under the same or similar circumstances.

(20) PRICING – If this Order is not priced, it shall not be filled at prices higher than those last quoted or charged by Seller to the Buyer, unless such price increase(s) shall have been authorized in writing by the authorized purchasing agent of Buyer.

(21) PROPRIETARY RIGHTS – Seller shall at all times keep and maintain as strictly confidential, all trade secrets, technical and proprietary information furnished to Seller by Buyer in connection with this Order, including blueprints, data, designs, drawings, engineering data for production, processes, product know-how, reports specifications, and the features of all equipment, gauges, parts, patterns and tools furnished to Seller by Buyer in connection with this Order. Seller shall not use such items or information in the design, manufacture or production of any other goods or for any other purchase order for the manufacture or production of larger quantities than those specified in this Order, or for any other purpose, except with the express advance written consent of the Buyer, which Buyer may withhold in its sole and absolute discretion. Seller, including its agents, employees and representatives will exercise caution and diligence to prevent disclosure of Buyer’s confidential or proprietary information to third parties. In consideration of this Order, and for a period of three (3) years following the date hereof, Seller shall not, directly or indirectly, do either of the following: (a) call on, solicit or take away any of the customers or potential customers of Buyer of which Seller is made aware as a result of performing services hereunder or by reason of Seller’s association with Buyer; or, (b) solicit or hire away any of Buyer’s employees or contractors of which Seller is made aware as a result of performing services hereunder or by reason of Seller’s association with Buyer.

The obligations of this Article 21 shall survive the completion of performance and expiration or termination of this Order.

(22) QUANTITY – Buyer need not accept any variation in quantity except as specified herein.

(23) SPECIAL TOOLING – Dies, tools and patterns specially developed for and used in the manufacture of the materials, articles or goods that are the subject of this Order shall be furnished by and at the expense of Seller and shall be kept in good condition and, when necessary, shall be replaced by Seller without expense to Buyer.

Buyer may at any time become the owner and entitled to possession of any or all such special tooling acquired or manufactured specially for use in the performance of this Order if any portion of the cost of such special tooling is separately stated or included in the price of articles, goods, material or work covered by this Order upon Seller being reimbursed the unpaid amount of Seller's cost of such special tooling.

If the price stated on the face of this Order includes separately the entire cost of any such dies, tools and/or patterns acquired by Seller for the purpose of filing this Order, such dies, tools and/or patterns shall become the property of the Buyer. To the extent feasible, Seller shall identify said property as Buyer directs and shall retain such property for exclusive use of Buyer. At completion of this Order, such tools, dies and/or patterns shall be stored for a reasonable time by Seller at no cost to Buyer, and until disposed of as Buyer may direct.

Notwithstanding any other provisions of these terms and conditions, upon prior written notice to Buyer and to the extent such use will not interfere with Seller's performance of purchase orders with Buyer at the time, Seller with the U.S. Government's authorization(s), if applicable, may use on other contracts all material, engineering data or other technical or proprietary information, which the Government owns, or has the right to authorize use thereof.

(24) TAXES –

(a) Except for California Sales and Use Taxes, if applicable, prices of goods purchased under this Order are inclusive of all taxes, fees, excises and/or charges which are now or may hereafter be imposed (whether by federal, state, municipal or other public authority) with respect to the manufacture and sale of such goods, any services to be rendered by Seller hereunder or this Order itself. Seller shall separately state on its invoice the amount of California Sales and Use Tax applicable to the goods purchased hereunder.

(b) Seller shall comply with all federal, state and local payroll tax laws, regulations and rulings including, but not limited to, those requiring withholding and payment of payroll taxes for all persons or organizations producing goods or performing services required by this Order. Seller shall defend, indemnify and hold harmless Buyer, its parent companies, subsidiaries and affiliates, and their officers, directors and employees, from and against all claims, demands, losses, actions, causes of actions, costs (including attorney's fees) and judgments arising out of or in connection with Seller's failure to comply with such laws, regulations and rulings.

(25) TERMINATION FOR CONVENIENCE –

(a) This Order may be terminated at any time by Buyer in whole or in part for any reason whatsoever, or for no reason, in Buyer's sole and absolute discretion. Such termination shall be effected by delivery to Seller of a notice of termination specifying the extent to which performance of the work under this Order is terminated and the date upon which such termination becomes effective.

(b) Upon receipt of such notice of termination, and except as may otherwise be directed by Buyer, Seller shall:

(1) Stop work under this Order on the date and to the extent specified in the notice of termination;

(2) Place no further order with lower-tier suppliers for materials, services or facilities, except as may be necessary for the completion of such portion of this Order which is not terminated;

(3) Terminate all orders with lower-tier suppliers to the extent that they relate to the performance of work terminated by the notice of termination;

(4) Transfer title and deliver to Buyer: (i) all fabricated or un-fabricated parts, work in process, completed work, supplies and other materials produced in connection with the performance of the work terminated; (ii) any other completed or partially completed items covered under this Order, which, if this Order has been completed, would have been required to be furnished to Buyer; (iii) with respect to any goods and/or services to be furnished under this Order and which Seller is developing or has developed for Buyer, a written assignment, duly executed by Seller, confirming the transfer to Buyer of all rights to such copyrightable works, data, inventions and mask works as are described in Article 25(c) below;

(5) Complete performance of such part of this Order as shall not have been terminated; and

(6) Take such action as may be reasonable and necessary, or as Buyer may direct, for the protection and preservation of the property related to this Order which is in possession of Seller and in which Buyer had or may acquire an interest.

(c) Upon receipt of a notice of termination hereunder, Seller shall respond to Buyer in writing within thirty (30) calendar days, notifying Seller whether or not it intends to file a termination claim. If Seller does not notify Buyer whether or not it intends to file a claim within thirty (30) calendar days of Seller's receipt of notice of termination, Buyer shall issue a change notice to confirm Buyer's and Seller's agreement to termination hereunder on a no-cost basis. If Seller claims termination costs, Buyer shall issue appropriate forms and instructions to process said claim. Said claim shall not exceed the remaining unpaid balance of this Order, and shall be supported by verifiable documentation submitted by Seller.

(d) In the event of termination pursuant to this Article 25, Seller and Buyer shall agree upon the amount to be paid to Seller, if anything, or the amount to be returned to Buyer, by reason of the total or partial termination of work pursuant hereto, and this Order shall be amended accordingly.

(e) The termination claim submitted by Seller hereunder shall be based on the following elements, provided that in no event shall Seller's termination claim exceed the remaining unpaid balance of this Order.

(1) Completed goods and/or service covered under this Order delivered to Buyer and not previously paid for, the amount to be derived from the prices specified for such goods and/or services completed pursuant to this Order;

(2) For goods and/or services not delivered to Buyer, an amount equivalent to the percentage of completion of the undelivered goods and/or services, expressed as a rate, times the line item prices specified, appropriately adjusted for any savings of freight, or other charges;

(3) Seller's actual cost of settling and paying claims arising out of the termination of lower-tier subcontracts;

(4) Expenses for the protection or disposition of property or materials; and

(5) Expenses incurred in the preparation of the termination claim.

(f) In arriving at the amount of Seller's claim under this Article 25, there shall be deducted:

(1) All un-liquidated payments on account previously made to Seller applicable to the terminated portion of this Order; and

(2) The agreed price for, or the proceeds of sale of, any materials and supplies acquired by Seller in its performance hereof, and not otherwise recovered by or credited to Buyer. A negative balance shall result in payment by Seller to Buyer of the indicated overpayment.

(g) If the termination hereunder be partial, prior to the settlement of the terminated portion of this Order, Seller may file with Buyer a request in writing for an equitable adjustment of the price or prices specified in this Order relating to the continued portion of this Order (the portion not terminated by the notice of termination), and such equitable adjustment shall be made in such amount, and upon such terms as may be agreed by the Parties.

(26) TERMINATION FOR DEFAULT

(a) Buyer may, upon written notice to Seller, terminate this Order, in whole or in part, for Seller's default, if Seller:

(1) Fails to make delivery of the goods and/or services covered by this Order within the time specified herein or any extension thereof granted by Buyer in writing and signed by an authorized representative of Buyer; or

(2) Seller fails to perform any of the other provisions of this Order or so fails to make progress thereon as to endanger performance of this Order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) working days (or such longer period as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure; or

(3) Seller becomes insolvent or fails to provide adequate assurances of financial solvency as may be requested by Buyer when it reasonably appears to Buyer that Seller presently, or in the future, may not be financially solvent.

(b) In the event of termination for Seller's default under this article. Buyer's remedies shall be as follows:

(1) Buyer may purchase goods and/or services covered under this Order similar to those terminated, and Seller shall be liable to Buyer for any excess re-procurement costs for such similar goods and/or services, payment to be made upon Buyer's demand; and

(2) If Seller's default is the result of an excusable delay, or if it is determined that Seller was not in default under the provisions of this Order, Buyer agrees that Seller shall receive payments in the same manner as if this Order has been terminated in accordance with Article 25 above, Termination for Convenience.

(c) If this Order is terminated for Seller's default under this Article 26, Buyer, in addition to any other rights provided hereunder, may require Seller to transfer title and deliver to Buyer:

(1) Any completed goods and/or service that are the subject of this Order;

(2) A complete and current manufacturing data package sufficient to enable Buyer to complete or have completed the work hereunder;

(3) A non-exclusive, royalty-free license, and rights under such data and patents, if applicable, to manufacture or have manufactured or provide such goods and/or services as were to be provided under this Order; and

(4) Such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, specifications, information and contract rights (hereinafter call "Manufacturing Materials") as may be required to manufacture or provide under this Order; and Seller shall, upon direction of Buyer, protect and preserve such items in the possession of Seller to which Buyer has an interest.

(d) If Buyer terminates a portion of the work under this Order, Seller shall diligently continue performance on that part of the Order which was not terminated.

(e) Payment for completed goods and/or services delivered to Buyer pursuant to this Article 26 shall be in accordance with the prices for such goods and/or services set out in this Order. Payment for Manufacturing Materials delivered to Buyer, and for the protection and preservation of property or materials, shall be in an amount and upon such terms as may agreed upon by Buyer and Seller.

(f) Acceptance by Buyer of late delivery of goods and/or service to be furnished under this Order shall not constitute a waiver of Buyer's right to recover any damages incurred by Buyer which may be provided for elsewhere in this Order.

(g) Attorney's fees and litigation costs, including without limitation, court or arbitration fees and costs, incurred by Buyer in enforcing its right under this Article 26 shall be paid by Seller to Buyer upon demand. The rights and remedies of Buyer provided in this Article 26 shall not be exclusive and are in addition to all other rights and remedies provided by law or under this Order.

(h) SELLER EXPRESSLY AGREES THAT IN NO EVENT SHALL BUYER BE LIABLE UNDER ANY THEORY OF RECOVERY, WHETHER BASED IN CONTRACT, TORT OR OTHERWISE, FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE WHATSOEVER, ANY LOSS OF PROFITS, LOSS OF GOODWILL, LOSS OF OPPORTUNITY, LOSS OF BUSINESS, OR LOSS OF REPUTATION AS A RESULT OF ANY CLAIM BROUGHT BY SELLER ARISING OUT OF OR RELATING TO: (i) ANY BREACH BY BUYER OF THIS AGREEMENT; (ii) ANY REPRESENTATION, STATEMENT OR NEGLIGENT ACT OR OMISSION OF BUYER; AND (iii) ANY USE OF THE GOODS OR THE FAILURE TO USE THE GOODS, EVEN IF SUCH LOSSES WERE IN CONTEMPLATION OF THE PARTIES OR WERE WHOLLY FORESEEABLE.

(27) WARRANTY

(a) The warranty period for the goods delivered or services rendered under this Order shall be twelve (12) months starting from the date of final acceptance of such goods and/or services by an authorized representative of Buyer, or Buyer's designee, at the agreed place of receipt of such goods and/or services. Seller warrants that during the warranty period the goods and/or services covered under this Order shall be free from defects in material, workmanship and design and shall be new, the best suited of their respective kinds, and manufactured or constructed, or rendered, as the case may be, in accordance with the plans, specifications, rules and regulations referred to in all requirements of this Order. Seller also warrants that during the warranty period the goods and/or services covered under this Order shall be so manufactured or constructed, or rendered, as the case may be, as to operate satisfactorily, or be as specified, and shall be delivered on time as required by this

Order. Notwithstanding any inspection, acceptance or failure to reject the goods and/or services by Buyer or its customer(s), if at any time after delivery of the supplies or rendering of services to Buyer or its customer(s), and prior to the expiration of the warranty period, any weakness, deficiency, failure, break down, deterioration or any other breach of this warranty (hereinafter referred to as "defective goods and/or service") furnished by Seller shall appear or be discovered, or if the goods and/or services are found in any way not to be in conformity with this Order, Buyer shall have the following rights and remedies, at Buyer's option:

(1) to require Seller to promptly replace or correct the defective goods and/or services in place and at no expense to Buyer, or

(2) to replace or correct the defective goods and/or services by contract or otherwise and charge Seller with all expenses thereof incurred by Buyer as a result of Seller's breach. If practicable, Seller shall be given an opportunity to inspect the defective goods and/or services before the defects are remedied.

(b) In the event of rejection by Buyer or Buyer's customer(s) of the goods and/or services covered under this Order, Buyer may, at its option and at Seller's expense, permit Seller to furnish such technicians and perform such tests as may be necessary to prove the goods and/or services are not defective. Seller shall indemnify Buyer for all costs of any nature incurred by Buyer as a result of or in connection with Seller's defective goods and/or services. The warranty period for goods and/or services repaired or replaced hereunder shall be for 180 days or for the balance of the original one year warranty period, excluding the time the warranted goods and/or services were out of service, whichever is longer. The rights and remedies of Buyer provided in this Article 27 are in addition to, and do not limit, any rights afforded Buyer under any other article of this Order or by law.

(c) If there is repeated malfunction of any component part, subassembly, assembly or deliverable hardware during the warranty period which shows that such deliverable goods and/or services do not perform as specified in this Order, and if Seller has been given the opportunity at Seller's option to repair, adjust or replace all or part thereof, Buyer may refuse to accept delivery (or revoke acceptance) of all or part of the goods and/or services not meeting the specifications under this Order at no additional cost to Buyer, or Buyer may terminate for default that portion of the goods and/or services which may remain undelivered.

(d) Buyer's rights under this warranty are transferable to Buyer's customer(s) and are hereby transferred to Buyer's customer(s) upon delivery of any warranted item to the customer by Buyer.

(28) WORKPLACE SAFETY – Pursuant to Executive Order 14042, Ensuring Adequate COVID Safety Protocols for Federal Contractors, suppliers of products to FTS Machine are required to conform to the workplace safety protocols.