

## LARON TERMS AND CONDITIONS FOR PURCHASE OF GOODS AND SERVICES

These Terms and Conditions (these "Terms") shall apply to all Purchase Orders (hereafter defined) between Laron, Incorporated, an Arizona corporation ("Buyer") and the supplier identified on the Purchase Order to which these Terms are attached or referenced ("Supplier" and with Buyer, collectively, the "Parties" or each, a "Party"). The Purchase Order, these Terms and any Change Orders executed by the Parties (hereafter defined) collectively constitute the Agreement between the Parties (this "Agreement").

1. Supply of the Goods and Services: Supplier shall provide the goods ("Goods") or services ("Services") to Buyer in accordance with: (a) this Agreement and Buyer's plans and specifications or plans and specifications provided by Buyer's customer (the "Owner") reviewed and inspected by Supplier prior to the execution hereof (the "Plans and Specifications"), which are incorporated herein by this reference; and, (b) all applicable federal, state and local laws, statutes, regulations, codes and ordinances, including but not limited to environmental laws, the Occupational Safety and Health Act of 1970, each as amended from time to time, and all other laws relating to labor, employment and safety (collectively, "Laws"). Supplier shall make any corrections required by the Buyer in drawings submitted by Supplier for the Buyer's approval. The Buyer's approval as to the design of such drawings shall not relieve the Supplier of responsibility for Supplier's errors or discrepancies in designs, specifications and drawings prepared by Supplier.

2. Contract Price and Payment. All Goods or Services provided by Supplier to Buyer shall be pursuant to a written Purchase Order executed by Buyer and Supplier (a "Purchase Order"), which shall include a description of the Goods or Services (collectively, the "Work"), the compensation to Supplier (the "Contract Price"), the payment terms, and the time for completion of the Work. Unless otherwise provided in the Purchase Order, Supplier shall provide all necessary labor, materials, consumables, licenses, governmental approvals and any other items necessary to complete the Work and all of the foregoing shall be included in the Contract Price unless specifically excluded in the Purchase Order. An express condition to any progress payment to Supplier shall be Buyer's and Owner's inspection and approval of the Work for which the progress payment has been requested. At the time of and as a condition to any progress or final payments due hereunder or the Purchase Order, Supplier shall execute and deliver to Buyer a lien waiver for the Work so paid and any other lien waivers, invoices, canceled checks, receipts or other documentation satisfactory to Buyer and Owner, in the reasonable exercise of their discretion, evidencing payment to suppliers and other third parties for all materials and supplies incorporated into the Work included in an advance request.

3. Time for Completion. Supplier shall complete and deliver the Goods to Buyer or complete the Services on or before the completion or delivery date set forth in the Purchase Order.

4. Inspection and Final Acceptance Owner and Buyer and their respective representatives shall at all times have the right to inspect the progress of the Work at Supplier's facilities. Buyer shall not be deemed to have accepted the Work until Buyer has completed any tests and inspections required by Buyer and Owner to determine that the Work meets all the requirements of this Agreement, the Plans and Specifications, any Change Orders (hereafter defined) and all Purchase Orders (collectively the "Contract Documents") and Buyer's or Owner's receipt of delivery and holding of the Work shall not constitute or be construed as acceptance until after Buyer and Owner have conducted any inspections or testing as provided

herein. Such tests and inspections shall be held at a time and in the manner indicated in advance in writing to Supplier. If inspection or tests show the Work, or any part thereof, contains defective material or workmanship or does not conform to the Contract Documents, Buyer or Owner may refuse to accept it, and Supplier shall be so advised in writing and shall have reasonable time within which to correct any such defect or nonconformance at its own expense and to compensate Buyer or Owner for any direct costs arising therefrom. Any final payment to Supplier shall be conditioned upon Buyer's and Owner's final inspection and approval of the Work. Further, any payment to Supplier shall not be deemed to be acceptance of the Work by Buyer or Owner or to release Supplier from its responsibility to fully perform its obligations under the terms of the Contract Documents. Successful completion of the agreed-upon tests and inspections, as determined solely by Buyer and Owner, shall constitute acceptance. Acceptance shall in no event be deemed or construed to waive any rights Buyer or Owner have pursuant to Supplier's Warranty provisions contained herein.

5. Changes in the Work. Buyer may at any time order extra work or initiate changes in the Work, altering, adding to or deducting from the Work. If such change involves a change in cost or in the time required for completion, the Contract Price or the time for performance shall be increased or decreased in accordance with the terms hereof and the instructions contained in an amended Purchase Order (an "Amended Purchase Order"). Buyer will initiate change process by issuing to the Supplier the Amended Purchase Order, which will include a description of the changes to be made by the Supplier. Upon receipt of the Amended Purchase Order, the Supplier shall complete and submit promptly to the Buyer an itemized statement of the extension or reduction in the time for completion of this Agreement which the Supplier deems reasonable, and the Supplier's calculation for the adjustment in Contract Price resulting from the changes or extra work. The Amended Purchase Order must be fully executed by the Buyer and Supplier before Supplier commences performance of the changes.

(a) No additional or modified Work shall be performed or change shall be made by Supplier and no claim for an increase in the Contract Price or an increase in the time for completion shall be valid unless the extra work or change was ordered in writing and the Parties have agreed to the terms thereof pursuant to an Amended Purchase Order executed by the Parties.

(b) The Supplier may initiate the change order process under this Paragraph 5 by requesting in writing that the Buyer issue a Change Order. However, unless the Buyer issues a Change Order to Supplier, this Paragraph 5 shall not apply to and shall not provide the basis for a Supplier initiated change, constructive change or equitable adjustment request, or claims of any nature based on changed conditions, differing site conditions, defective specifications, delay, disruptions or loss of productivity and efficiency.

6. Insurance. Without limiting any liabilities or any other obligations of Supplier, Supplier shall provide and maintain, with forms and insurers acceptable to Buyer, and until all obligations under this Agreement are satisfied, the applicable minimum insurance coverages, as set forth on the attached Exhibit "A" incorporated herein. Before Supplier commences any Services or provides any Goods, Supplier shall deliver to Buyer an original Certificate(s) of Insurance evidencing the required coverages to include all policy deductibles and self-insured retentions, and if requested by Buyer, endorsements, and such other documentation (including, without limitation, the declarations pages and policies) that Buyer may reasonably require to evidence compliance with the insurance requirements contained in this section and Exhibit "A".

7. Delivery, Title and Risk of Loss. Supplier shall ship the Work with a carrier and in a manner as designated by Buyer (if such carrier or manner of shipment is included in the Purchase Order) and to the location designated by Buyer. Except as otherwise provided in the Purchase Order, (a) the Contract Price is FOB destination point designated by Buyer and the costs of shipping and transportation of Work shall be entirely paid for by the Supplier; and, (b) the risk of loss associated with delivery of the Work shall be borne by Supplier. Title and risk of loss of any Goods shall pass to Buyer upon Buyer's receipt of conforming Work at Buyer's designated point of delivery.

8. Independent Contractor. The Parties acknowledge and agree that Supplier is an independent contractor of Buyer and not acting as an employee, agent, representative or in any other capacity of or with Buyer. Accordingly, Supplier shall be solely responsible for all federal, state and local income taxes, unemployment taxes, Social Security contributions, Worker's Compensation premiums, and all similar taxes and payments concerning Supplier and/or any employees of Supplier. Buyer shall not be liable for any injury or damage to any person or property whatsoever by reason of, or in any manner arising from, any act or failure to act of Supplier or Supplier's employees, agents, representatives or subcontractors or suppliers. Supplier warrants and represents to Buyer that it is fully experienced and properly qualified as an expert to produce the Goods or perform the Services required hereunder and that it is properly licensed, equipped, organized and financed to complete the same.

9. General Safety. Prior to commencement of the Work, the Supplier will provide Buyer with a Material Safety Data Sheet for all material and supplies to be utilized on the Owner's property in the course of the manufacture of the Goods or completion of the Services. Supplier further agrees that to the extent that it is necessary for Supplier to enter onto Owner's property to complete the Work, Supplier will fully comply with Owner's or Buyer's safety procedures, policies and requirements, including but not limited to any safety policies of Owner or Buyer provided by Buyer to Supplier.

10. Indemnity and Release. Supplier shall defend, indemnify and hold Buyer, its employees, agents, officers, directors, shareholders and their successors and assigns (all of the foregoing are collectively the "Indemnified Parties") harmless from and against all claims for bodily injury or death, property damage, and all liabilities, claims, damages, lawsuits, judgments, demands, infringement or infringement of any patent or other intellectual property rights by the Supplier in the performance of this Agreement, costs and expenses (including, but not limited to repair costs, attorney's fees and costs and investigative expenses) (collectively, "Claims") which arise or are any way connected with the Goods or Services provided, materials furnished or services provided by Supplier or its employees, agents or subcontractors under this Agreement. The foregoing Claims include any Claims arising from any conduct, act or omission of Supplier, its subcontractors, agents, or employees. Supplier's indemnification and defense obligations under this Paragraph 10, shall survive the completion of the Work. To the fullest extent permitted under applicable laws, Supplier hereby releases and waives any Claims against the Indemnified Parties arising from or related to the Work, except for Buyer's obligations under this Agreement.

11. Termination Without Cause. Upon written notice, Buyer may for its convenience and without cause: (a) terminate this Agreement, or all or any portion of the Work not then completed; or (b) suspend the performance of this Agreement or all or any portion of the Work for such period as may be determined by Buyer in its discretion. Such suspension or termination

shall be effective upon the date stated in the written notice. In the event of such termination without cause, Supplier shall be paid all amounts due and not previously paid to Supplier for Work satisfactorily completed in accordance with the Contract Documents prior to such written notice of termination, said amounts to be computed based on the Buyer's reasonable estimation of the proportionate amount of Work completed. Supplier shall not be entitled to any profit, or loss of profit on any uncompleted portion of the Work. Upon Buyer's payment for any Work in progress up to the time of cancellation, Supplier shall deliver the partially completed Work to Buyer.

12. Default by Supplier and Buyer's Remedies. Buyer, in its sole discretion, may terminate this Agreement, in whole or in part, and exercise any other remedies under applicable laws, at any time, if Supplier should default in performing any obligation under this Agreement.

(a) Supplier will be in default if, after expiration of any applicable notice and cure period, any of the following occur:

(i) Supplier becomes insolvent or bankrupt, or ceases, is unable, or admits in writing its inability generally to pay its debts as they become due, or makes an assignment for the benefit of its creditors, or enters into any compromise or arrangement with its creditors.

(ii) Supplier authorizes, applies for, or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets, or proceedings seeking such appointment shall be commenced against it.

(iii) Supplier authorizes or takes any action under bankruptcy, readjustment of debt, insolvency, dissolution, liquidation or other similar laws of any jurisdiction, or proceedings under any such laws are instituted against it.

(iv) Supplier assigns, delegates or subcontracts any part of its obligations under this Agreement in violation of this Agreement.

(v) Supplier fails to provide any insurance coverage required to be provided by Buyer as prescribed in this Agreement, or permits and does not cure the cancellation, termination or modification of such insurance coverage so that the required insurance coverages are no longer in full force and effect.

(vii) Supplier fails to complete the Services or deliver the Goods in a timely manner or suspends completion of the Work or any portion thereof without Buyer's written consent or direction.

(viii) Supplier fails in any way to comply with any of the requirements, conditions or provisions of the Agreement.

(b) If Supplier fails to remedy any default after any applicable notice and cure period, then Buyer, in its sole discretion, shall be entitled to declare the entire Agreement to be terminated for cause and may exercise any other rights or remedies under applicable laws. Upon termination for cause, Buyer may, without limiting any other remedy available to it under the Agreement or at law or in equity, and in its sole discretion, withhold any amounts otherwise due and payable to Supplier under the Agreement. Supplier shall be entitled to at least five (5)

days' advance written notice of default and opportunity to cure prior to Buyer exercising its default remedies hereunder solely with respect to the default identified in Paragraph 12(a)(v) above.

(c) Upon termination for cause, Buyer shall have the right, but shall not be obligated, to complete the Work by whatever method Buyer may deem expedient, including employing another supplier. Buyer may provide or obtain any services, goods, materials or equipment and perform any part of the Work that was not completed prior to termination or that must be redone as a result of Supplier's default. Buyer may take possession of and use any or all of the goods and materials furnished by Supplier for the Work in its possession. Buyer shall be entitled to recover all expenses in completing the Work, including costs associated with awarding any additional contracts to complete or remedy incomplete or defective Work, financial losses or expenses incurred by Buyer as a result of a delay in completion of the Work, and the expense of finishing the Work. Such expenses shall be offset by Buyer against monies that are due or may at any time thereafter become due to Supplier. If such expenses exceed the sum that would have otherwise been payable under this Agreement, Supplier shall be liable for and shall, upon written notice from Buyer, promptly pay to Buyer the amount of such excess. Buyer shall not be required to obtain the lowest bids or prices for completing the Work, but may make such expenditures as in its sole judgment may best accomplish such completion.

(d) If any termination for cause pursuant to this Paragraph 12 is held to be wrongful by a court of competent jurisdiction, the parties agree that such termination shall be deemed to be a termination without cause, and the provisions contained in Paragraph 11 shall control.

13. Confidential Information. As a result of the relationship created between the Buyer and Supplier by this Agreement, Supplier acknowledges that it may become privy to the Buyer's or the Owner's secret or confidential information concerning business, products, technical data, activities, processes, technology, customers, suppliers, contracts, finances, personnel, research, techniques, models, data, plans, policies, inventions, or other information of a similar nature, whether or not reduced to writing or other tangible form, and any other trade secrets (collectively, the "Confidential Information"), the dissemination of which might prove prejudicial to the Buyer or the Owner. Supplier agrees that it shall not, directly or indirectly, at any time either during the continuation of or following termination of this Agreement disclose or use the Confidential Information: (a) other than for the purpose of fulfilling its obligations to the Buyer under this Agreement; (b) except as compelled by subpoena, court order or similar process or as otherwise required under applicable Laws; and (c) except where the Confidential Information has become publicly available through no fault of Supplier. Supplier shall return all such Confidential Information and all copies or recordings of the same to the Buyer immediately upon the termination of this Agreement.

14. Warranty for the Work. Supplier warrants that the Goods and materials incorporated therein shall: (a) be new and of good quality; (b) be free from defects in design, except to the extent the goods or materials are manufactured in accordance with detailed designs provided by Buyer or Owner; (c) be free from defects in material and workmanship; (d) be fit for the purposes intended; and, (e) meet the requirements of this Agreement and any Change Order. Supplier warrants that the Services shall: (i) be performed and completed in a thorough, workmanlike manner; (ii) meet the requirements of the Contract Documents; and (iii) be of the standard and quality generally recognized and accepted within its industry or profession throughout the United States. Supplier's warranties contained herein shall remain in

effect for a period of Twelve (12) months after acceptance of the Work by Buyer, provided that Supplier's warranty obligations hereunder shall remain in full force and effect beyond the Twelve (12) month period to cover any defects that are latent or could not have been discovered through reasonable use of the goods or the services provided. In addition to the warranties in this Paragraph, Supplier shall assign to Buyer, any and all manufacturers' warranties and guarantees applicable to the goods or materials. All manufacturers' warranties that have a warranty period longer than the warranty period provided under this Paragraph shall continue until expiration of such longer warranty period. In the event of a breach of warranty, Buyer shall notify Supplier in writing or by any other means reasonably calculated to give Supplier actual notice of breach within a reasonable time after Buyer becomes aware of the breach, and within five (5) days of Buyer's written notice, take all the necessary corrective actions, which corrective actions shall be subject to Buyer's prior written approval. In the event that Supplier fails to initiate such corrective action within five (5) days of Buyer's written notice, Buyer shall have the right, but shall not be obligated, to correct the breach by whatever method Buyer may deem expedient, including employing another supplier. Buyer may provide or obtain any services, goods, materials or equipment as are reasonably necessary to correct Supplier's breach. Buyer shall be entitled to assign all of Supplier's warranties contained herein to the Owner and upon any such assignment, the assignee shall have all rights and remedies of Buyer with respect thereto.

15. Liens. Supplier shall not file a lien or encumbrance on any real property to which the Work will be attached or affixed.

16. Payments Withheld, Right to Offset and Deductions. Buyer may withhold all or part of any progress or final payment to the extent necessary to protect the Buyer from loss or damage. In the event the Work requires correction as a result of the fault or negligence of Supplier, or if the Work is not completed in accordance with this Agreement, an amount to compensate the Buyer fully for such damage or non-compliance shall be offset against the Contract Price.

17. Sales or Excise Taxes. The Contract Price does not include sales, excise and other taxes, for which Buyer is responsible. Supplier shall separately itemize all sales and excise taxes on its final invoice to Buyer.

18. Supplier's Claims. If the Supplier is delayed, disrupted or interfered with or suffers damages or loss of any kind at any time in the progress of the Work by an act or neglect of the Buyer or Owner, or by changes or alleged changes ordered in the Work, or by an event giving rise to a claim of any nature (except changes initiated by the Buyer under Paragraph 5), or by a Force Majeure Event (hereafter defined), then the Supplier's sole remedy against the Buyer shall be the award of a change order extending the time for performance for such reasonable time as the Buyer may determine. All claims for extensions of the time for performance shall be made in writing to the Buyer no more than twenty-one (21) days after the occurrence of the event giving rise to the claim, otherwise they shall be waived. An extension of the performance period of this Agreement, to the extent permitted by the Buyer, shall be the Supplier's sole and exclusive remedy from and against the Buyer for any and all damages, losses, expenses or costs (consequential or otherwise) sustained by the Supplier in connection with or arising from changes or alleged changes, delays, suspensions, acceleration, hindrance, obstruction, unanticipated or differing site conditions, costs, duration-related economic injury, loss of productivity, extended home office overhead or any damages or expenses of whatever type and amount to the Supplier. The Supplier hereby waives its rights to claim and be

compensated for monetary damages, losses, expenses or costs (consequential or otherwise) in connection with, or arising from such events or circumstances.

19. Disputes. Claims, disputes or other matters in question between the parties to this Agreement shall first be subject to mediation before arbitration. A demand for mediation shall be made within thirty (30) days after one party has notified the other party in writing that a dispute or claim has arisen. After the expiration of the thirty (30) day period, the parties may nevertheless agree in writing to submit the claim or dispute to mediation. Any mediation shall be held in accordance with the Construction Industry Mediation Rules of the American Arbitration Association in effect when the dispute arises, unless the parties mutually agree otherwise. The mediation shall take place at a mutually convenient location in the city closest to the Owner's facility originating the contract between Owner and Buyer. Demand for mediation shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. Any dispute or difference arising out of, or in connection with, this Agreement which cannot be amicably settled between the parties by mediation shall be finally settled by arbitration under the Rules of Construction Arbitration of the American Arbitration Association. The arbitration shall take place at a mutually convenient location in the city closest to the Owner's facility originating the contract between Owner and Buyer. The resulting decision of the arbitrators shall be final and binding on the parties. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In no event shall the demand for mediation or arbitration be made after the date when institution of legal or equitable proceedings based upon such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

20. Force Majeure. Neither Buyer nor Supplier shall be liable for any damages, claims or liability of any kind arising from delay in performance caused by a "Force Majeure Event". As used herein, "Force Majeure Event" shall mean acts of God; acts of terrorism; explosion; fire; extreme weather conditions; flood; drought; epidemic; earthquake; riot; insurrection; blockade; war or other hostilities; strike, lockout or other industrial disturbance; act or restraint of governmental authority whether valid or invalid; the refusal or failure of any governmental authority to promptly issue or grant any necessary governmental authorizations, permits, licenses, certificates or approvals or the action or inaction of any governmental authority which causes the lapse or expiration of any of the foregoing; shortages of materials or products to be incorporated in the Work, and any other cause or event which is reasonably beyond the control of the Party and which the Party is not able to overcome by the exercise of reasonable diligence, provided, however, that neither Party shall be required to settle any strike, work stoppage or other labor dispute on terms which, in its opinion, are unsatisfactory. If any delay in Supplier's performance is attributable to a Force Majeure Event, the time for performance shall be extended for a period equal to the time of the delay caused by the Force Majeure Event.

21. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

22. Notices. Unless otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed duly given and received: (a) if personally delivered, on the date of delivery; (b) if sent by fax or e-mail, on the date transmitted, provided the recipient confirms receipt by reply fax or e-mail; (c) if mailed, three (3) Days after deposit in the United States mail, registered or certified, return receipt requested, postage prepaid and addressed as provided

below; or, (d) if by courier delivery service providing overnight or next-day delivery, on the next business day after deposit with such service. The business address, fax number and e-mail address of Buyer and Supplier to which all notices, requests, demands and other communications shall be sent is set forth on the Purchase Order.

23. Entire Agreement and Interpretation. This Agreement, the Purchase Order and any Change Orders contain the entire agreement between the Parties and all prior understandings or agreements are merged into this Agreement. If any conflicts exist, this Agreement controls over the other Contract Documents, unless otherwise expressly modified by the Purchase Order or a Change Order. Any additional or different terms included by Supplier in its acceptance shall not become part of this Agreement or the Contract Documents, nor shall Buyer's acceptance of the Work be deemed an acceptance of any additional or different terms, unless the additional or different terms are expressly accepted by Buyer in writing. This Agreement and the Contract Documents includes all documents either attached hereto or incorporated herein by reference. This Agreement has been negotiated among the parties and, if there is any ambiguity, no presumption construing this Agreement against a Party shall be imposed because this Agreement was prepared by such Party or its attorney. The delivery of Goods, performance of Services or otherwise commencement of Work as set forth in the Purchase Order shall constitute acceptance of these Terms and the terms and conditions of the Purchase Order by Supplier.

24. Attorney Fees. In the event that either Party hereto institutes an action or other proceeding to enforce any rights arising under this Agreement, the Party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorney's fees by the other Party.

25. Applicable Law. This Agreement shall be interpreted and enforced according to the laws of the State of Arizona.

26. Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto on separate counterparts, each complete set of which, when so executed and delivered by all Parties, shall be original, but all such counterparts together shall constitute but one and the same instrument.

27. Time is of the Essence. Time is of the Essence of this Agreement.

28. Waivers and Modification. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. This Agreement may not be modified, except in writing signed by both of the Parties.

29. Severability. If any provision of this Agreement is declared void and unenforceable, such provision shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect. Further, if any such provisions may be reduced and/or narrowed in scope or the like, such provisions shall be reduced, narrowed and/or the like and so enforced.

31. Damages. In no event shall either Party be liable for any special, indirect or consequential damages, including lost profits or lost good will, arising out of or in connection

with or resulting from this Agreement or the Work, whether or not such damages arise out of or in connection with this Agreement or result from the negligence of the other Party, its employees or agents.