

PURCHASE ORDER TERMS AND CONDITIONS

THIS PURCHASE ORDER CONSTITUTES BUYER'S OFFER. This order, including the terms and conditions on the face and reverse side hereof, constitutes Buyer's offer to purchase solely in accordance with the exact terms set forth herein. This offer expressly limits acceptance hereof by Seller to the terms and conditions stated herein, and as such terms and conditions may not be added to, modified, superseded or otherwise altered except by a writing signed by an authorized representative of Buyer. Any reference herein to Seller's quotations or proposal or similar form is solely for the purpose of describing such materials or services, and any additional terms or conditions contained in Seller's quotation, acknowledgement, invoice or other form are hereby objected to by Buyer. Seller's commencement of performance hereof, with the consent of Buyer, shall in all cases constitute Seller's unqualified acceptance of the terms and conditions of Buyer's offer without modification thereof.

PRICE. Seller may not execute this order at higher prices than shown hereon without Buyer's written approval. If no price is stated, Seller agrees to invoice at the lowest prevailing market price, or previously quoted or charged prices, whichever is lower; provided, that Buyer shall be entitled to any price reduction made by Seller after the acceptance hereof but before delivery of the materials or services. No charges will be allowed for freight, transportation, crating, handling, demurrage or any other matter relating to the delivery of the materials or the providing of services to Buyer unless authorized in writing by Buyer.

PACKING LISTS, SHIPPING INSTRUCTIONS AND BILLS OF LADING; PAYMENT TERMS. All shipments must be accompanied by packing lists showing Buyer's purchase order number, description of materials and quantity, and properly packed, labeled, and shipped in accordance with the requirements of Buyer and the carrier. Original bills of lading, express receipts, etc., properly signed by receiving carrier must be mailed to Buyer not later than one day following shipment. Invoice must be provided in duplicate, with prices and extensions appearing on both original and duplicate copies. Separate invoices must be issued for each purchase order, and Buyer's purchase order number and part number must appear on all invoices or invoice will be returned for corrections. Payment due dates and cash discounts, if any, shall be computed from the later to occur of the time of receipt of invoice (corrected as described in the preceding sentence, if applicable) or the materials or services.

DELIVERY SCHEDULES. Time is of the essence. Delivery must be made at the exact time and in the exact quantity specified in Buyer's schedules. Buyer will not be required to make payment for goods delivered in excess of its delivery schedules. If these requirements are not met and result in a STOCKOUT or DOWNTIME at Buyer's Customer, Seller will be responsible for any and all charge backs or cost recoveries issued by Buyer and Buyer's Customer. Note: DOWNTIME charges of Buyer's Customer normally run at high dollar per minute rate.

PREMIUM SHIPMENTS. If Seller's acts or omissions result in Seller's failure to meet Buyer's delivery requirements and Buyer requires a more expeditious method of transportation for the goods than the transportation method originally specified by Buyer. Seller shall ship the goods as expeditiously as possible at Seller's sole expense.

RISK OF LOSS. The entire risk of loss, injury or destruction of materials delivered pursuant to this order shall be borne by Seller until they are delivered to and accepted by Buyer, and Seller shall be liable for any loss or damage to Buyer's property while Seller, its employees or agents are on Buyers premises.

CHANGES. Buyer reserves the right at any time to direct changes or cause Seller to make changes to drawings and specifications of the goods or to otherwise change the scope of the work covered by this purchase order, including work with respect to such matters as inspection, testing or quality control, and Seller agrees to promptly make such changes. Any difference in price or time for performance resulting from such changes shall be equitably adjusted by Buyer after receipt of documentation in such form and detail as Buyer may direct.

SUPPLIER QUALITY AND DEVELOPMENT. Seller agrees to participate in Buyer's Supplier Quality and Development Program(s) and to comply with all quality requirements and procedures specified by Buyer as revised from time to time, including, but not limited to, those applicable to Seller as set forth in Quality System Requirements.

INSPECTION. Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, materials, and any property of Buyer covered by this contract. Buyer's inspection of the good, whether during manufacture, prior to delivery, or within a reasonable time after delivery, Buyer's acceptance of materials or services delivered pursuant to this order, or Buyer's payment of invoices shall not relieve Seller from any liability arising out of or under this order, constitute a waiver of any remedy by Buyer or relieve Seller of any obligation hereunder, but merely shall avail Buyer of cash discounts. Rejected materials will be returned to Seller for full refund, including transportation charges

WARRANTIES. In addition to such warranties as ordinarily are extended by Seller, or which are established by applicable law or which may appear on the face hereof, Seller warrants to Buyer (and to Buyer's customer and any others who use the materials and services ordered hereunder) that such materials or services: (a) in all respects conform to the description thereof on the face hereof as to quality, size, dimensions and operating performance; (b) are fit and sufficient for any purpose for which they foreseeably are to be used by Buyer, Buyer's Customers or the ultimate consumers of the materials or services; (c) are merchantable and free from any and all defects whatsoever, including without limitation defects in design, quality and workmanship; and (d) will be produced and delivered to Buyer in strict compliance with Buyer's specifications, drawings, patterns and samples, if any. Seller further warrants and represents that Seller has absolute title to and full right to dispose of the materials, and there are no liens, claims or encumbrances of any kind whatsoever against the materials and the materials will be delivered free and clear of any security interest or other lien or encumbrance. Seller acknowledges that Buyer is responsible for performance obligations issued by Buyer's Customer. Seller shall be liable to Buyer for all damages arising directly or indirectly from Seller's breach of these performance obligations, including, but not limited to, incidental and consequential damages, such as losses incurred by Buyer or Buyer's Customer (a) in inspecting, sorting, repairing, or replacing such nonconforming goods, (b) resulting from production interruptions, and (c) conducting recalls or other corrective service actions. Copies of Buyer's performance obligations are available upon request. Note: Buyer's Customer charge back rates are significant per minute.

INDEMNIFICATION. Seller will indemnify, defend and hold Buyer harmless from all loss, liability, damage and expense, including attorney's fees, for any claim: (a) for infringement of any patent, trademark, copyright, misappropriation of trade secrets, unfair competition or similar damage with respect to any materials supplied by Seller, to the extent that such materials are not supplied in accordance with the design or specifications furnished by Buyer; (b) arising out of or connected with the use of the materials and/or services, including, but not limited to, any claim for personal injury, death or property damage, whether or not based on strict liability of Buyer, or (c) that may occur as a result of Seller, its employees or agents entering premises occupied by or under the control of Buyer, as well as the performance of the work provided in this order. If materials are to be fabricated, assembled or installed, in whole or in part on Buyer's premises, Seller shall keep such premises free and clear of all mechanics' liens.

MATERIAL SAFETY DATA SHEETS. Before any materials for which Material Safety Data Sheets are required pursuant to 29 C.F.R. Part 1910 are sent to or brought into Buyer's facility, such Material Safety Data Sheets must be provided to and approved by the plant manager. All items brought on site must be properly labeled under Standard Hazard Communications Program Requirements. Before any hazardous materials are generated on site by Seller, or its employees or agents, approval must be granted in writing by the plant manager. These materials will be the responsibility of the Seller for appropriate handling, storage and disposal, unless otherwise agreed to in writing by the Buyer.

INSURANCE. Seller shall maintain Commercial General Liability Insurance in the amount of \$1,000,000 Each Occurrence and \$2,000,000 General Aggregate, or in amounts as amended from time to time by Buyer, with carriers acceptable to Buyer. Seller shall furnish to Buyer, either a certificate showing compliance with these insurance requirements, or certified copies of all insurance policies within 10 days of Buyer's written request. The certificate will provide that Buyer will receive 30 days prior written notice from the insurer of any termination or reduction in the amount or scope of coverage, and shall list Buyer as an additional insured. Seller's furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under this contract.

SELLER'S PROPERTY. Unless otherwise agreed to by Buyer, Seller, at its expense, shall furnish, keep in good condition, and replace when necessary all machinery, equipment, tools, jigs, dies, gauges, fixtures, molds, patterns and other items ("Seller's Property") necessary for the production of the goods. Seller shall insure Seller's Property with full fire and extended coverage insurance for its replacement value.

BUYER'S PROPERTY. All supplies, specifications, drawings, patterns, samples, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer, either directly or indirectly to Seller to perform this contract, or for which Seller has been reimbursed by Buyer, shall be and remain the property of Buyer and held by Seller on a bailment basis (Buyer's Property). Seller shall bear the risk of loss of and damage to Buyer's Property. Buyer's Property shall at all times be properly housed and maintained by Seller at Seller's expense, shall not be used by Seller for any purpose other than the performance of this contract, shall be conspicuously marked by Seller as the property of Buyer, shall not be commingled with the property of Seller or with that of a third party, and shall not be moved from the Seller's premises without Buyer's written approval. Buyer shall have the right to enter Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto. Upon the request of the Buyer, Buyer's Property shall be immediately released by Seller at no cost to Buyer or delivered to Buyer by Seller, either (i) F. O. B. transport equipment at Seller's plant, and properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (ii) to any location designated by Buyer, in which event Buyer shall pay to Seller the reasonable costs of delivering such property to such location. When permitted by law, Seller waives any lien or other rights that Seller might otherwise have on any of Buyer's Property for work performed on such property or otherwise.

SERVICE AND REPLACEMENT PARTS. Seller will sell to Buyer goods necessary for Buyer to fulfill its current model service and replacement parts requirements at the price(s) set forth in Seller's quotation accepted by Buyer. During the 15 year period after Buyer completes current model purchases, Seller will sell goods to buyer to fulfill Buyer's past model service and replacement parts requirements. Unless otherwise agreed to by Buyer, the price(s) during the first 3 years of this period shall be those in effect at the conclusion of the current model purchases. For the remainder of this period, the price(s) of the goods shall be as agreed to by the parties.

GOVERNMENT CONTRACT OBLIGATIONS. This order hereby incorporates by reference the provisions set forth in 41 C.F.R. Secs. 60-1.4 (equal opportunity clause), 60-741.4 (affirmative action clause; affirmative action for handicapped workers) and 60-250.4 (affirmative action clause; affirmative action for disabled veterans and veterans of the Vietnam era), which provisions apply to all contractors and vendors who are not exempt pursuant to the provisions of Executive Order 11246, Section 503, of the Rehabilitation Act of 1973, or Section 2012 of the Vietnam-Era Veterans Readjustment Assistance Act of 1974, respectively.

TAXES. Seller will pay any and all federal, state or local taxes, duties, excises, license fees and other charges ("Taxes") leveled, assessed or imposed upon Buyer relating to this order, unless such Taxes are separately listed and Buyers agrees in writing to assume liability therefore. Seller also shall pay the cost by which the manufacture of the materials or the performance of the services ordered hereby is increased by reason of any law, ordinance or regulation adopted or promulgated by any government or governmental subdivision, department or agency, or other source, after the date hereof, but prior to the completion and delivery hereunder

ASSIGNMENT. This order may not be assigned by Seller without prior written consent of Buyer. No assignment of any monies due or to become due hereunder shall be binding upon Buyer without Buyer's written consent. Payment to an assignee of any amount due under this order shall be subject to setoff or recoupment of any present or future claim or claims which Buyer may have against Seller.

GOVERNING LAW; CONSENT TO JURISDICTION. This order is made in the State in which the Buyer is located, and Seller acknowledges that this transaction is subject to the laws of that State, which laws govern the rights and duties of the parties hereunder. The parties further agree that any suit, action or proceeding relating to this order may be instituted in any State or Federal Court in the County in which the Buyer is located.

REMEDIES; NO WAIVER; SEVERABILITY. The remedies specified herein shall be cumulative and in addition to any other or further remedy provided by applicable law. Any failure by Buyer to enforce or require strict performance by Seller of any terms or conditions hereof shall not constitute a waiver thereof by Buyer. If any term or covenant herein is found to be unconscionable or otherwise unenforceable, the clause in question shall be modified to eliminate the unconscionable or otherwise unenforceable element thereof, and as so modified the clause shall be binding on the parties, and the remaining provisions of this order shall not be affected thereby.