

PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE:** This purchase order constitutes the Buyers offer to the Seller. The terms and conditions of this offer must be accepted by the seller. Upon failure of the Seller to acknowledge this purchase order in writing and agree to its terms the commencement of performance required by this offer shall be conclusive evidence of the Seller's approval of, and consent to, the terms and conditions of purchase order herein contained.
2. **PACKING:** Unless this order states otherwise, no charge shall be made for packing, crating, drayage, or other similar costs. Items shall be packed in accordance with good commercial practice to insure against damage from weather and/or transportation.
3. **INSPECTION AND PAYMENT:** All material, articles and workmanship covered by this purchase order are subject to inspection, testing and approval by Buyer at its plant not withstanding any other or prior inspection. Buyer reserves the right to reject any delivery or part thereof which in Buyer's opinion is not timely, not in accordance with this purchase order, or unsuitable for the intended use. Seller agrees to replace F.O.B. Buyer's plant free of any charges any part of such goods which proves to be defective in material or workmanship within one (1) year from the date of delivery to Buyer. Neither compliance by Seller with instructions or suggestions made by any employee to Buyer nor Buyer's payment for any Article prior to final inspection or any other right here in reserved, relieve Seller of any obligation or liability under terms and conditions of this contract. Articles rejected will be held at Seller's risk and subject to Seller's disposal promptly and if not so disposed of by the Seller at its cost and expense, will be sold or otherwise disposed of by the Buyer for the Seller's account but without liability to the Seller.
4. **WARRANTY:** The Seller warrants that the Articles delivered hereunder will conform to formulae, samples, specifications, or other applicable descriptions specified by Buyer and will be free from all defects, fit and sufficient for the purposes for which they are intended, merchantable, of first grace material and workmanship and free from all defects. This warranty shall run to the Buyer, its successors, assignors, customers and users of the articles covered by this purchase order.
5. **PATENT AND LICENSE PROTECTION:** To the extent the subject Articles are not manufactured pursuant to formulae, specifications, or designs originated by Buyer, Seller agrees it will save buyer and/or its agents or customers harmless for any loss, damage, or liability which may be incurred on account of any alleged infringement of any United States and/or foreign letters patent or application for letters patent, or any claim for royalties, unfair competition and the like arising as a result of any license or like agreement or arrangement between Seller and third parties with respect to such Articles, and that it will, at its own expense, defend any action, suit or claim in which such matter is alleged, Buyer agrees to notify Seller promptly of any suit or claim against Buyer to which this indemnity applies.
6. **TAXES:** Buyer shall not be liable for any Federal, State or local Taxes unless separately stated and billed on Seller's invoice.
7. **TERMINATION:** (a) Buyer may terminate or cancel this order, in whole or in part without liability to the Buyer, if deliveries are not made at the time and in the quantities specified, or in the event of a substantial breach of any of the other terms or conditions hereof. (b) Buyer may also terminate this order in whole or in part, even though Seller is not in default hereunder and no breach hereof has occurred, by notice in writing at any time. Such notice shall state the extend and effective date of termination and upon the receipt by Seller of such notice Seller will, as and to the extent prescribed by the Buyer, stop work under this order and placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in the Seller's possession in which the Buyer has or may acquire an interest. If the parties cannot by negotiation agree within sixty (60) days from the date of the termination notice, or within such further time as may be agreed by the parties upon the amount of fair compensation to Seller for termination pursuant to the immediately preceding sentence, (c) Buyer, in addition to making prompt payment of amounts due or articles delivered or services completed in settlement of all claims of Seller by

reason of such termination, the following amounts without duplication (1) the contract price for articles or services completed in accordance with the contract and not previously paid for; (2) actual costs incurred by Seller which are properly allocable or contract, including liabilities to subcontractors which are so allocable, and excluding any charge for interest or materials which may be diverted to other orders, plus a reasonable profit on work actually done by Seller prior to such termination; provided that the total settlement shall not exceed the contract price of items included in the terminated portion of the contract. (c) Termination by Buyer under this paragraph shall be without prejudice to any claims for damages or otherwise or Buyer against the Seller.

8. **CHANGES:** Buyer reserves the right at any time to make changes in shipping and packing instructions, the delivery schedule, quantities ordered, or in formulae, specifications and the like, as to material and/or work covered by this order. In such event there will be made an equitable adjustment of the price and time of performance, mutually satisfactory to the Buyer and Seller.
9. **INSOLVENCY AND BANKRUPTCY:** In the event Seller shall become insolvent or makes a general assignment for the benefit of creditors, or files or has filed against in a petition in bankruptcy or for reorganization, or pursues any other remedy under any law relating to the relief of debtors, or in the event a receiver be appointed of Seller's property or business, Buyer may at its option, cancel this order.
10. **COMPLIANCE WITH APPLICABLE LAWS:** The Seller agrees to comply with all applicable State, Federal and local laws, rules and regulations and agrees to the stipulations and representations required thereby, including section 12(a) of the Fair Labor Standards Act of 1936, as amended, upon completion of the work covered by this contract.
11. **NON-ASSIGNMENT:** This order is placed upon the condition that Seller shall not assign it or any interest therein, including any payment due or to become due with respect thereto, without Buyer's prior written consent, and the Buyer shall be entitled at all times, to apt out any amount owing from the Seller to Buyer against any amount due or owing Seller with respect to this order, regardless of any purported assignment.
12. **GENERAL:** All warranties shall be construed as conditions as well. No waiver of a breach or any provisions of this order shall constitute a waiver of any other breach or of such provisions. No modifications or change in, or departure from, the provisions of this order shall be valid or binding on the Buyer unless approved by Buyer in writing.
13. **RISK OF LOSS:** Notwithstanding any shipping instructions or payment of freight charges by the Buyer, all risk of loss of Articles subject of this purchase order shall, prior to acceptance thereof by Buyer as provided for in Section 1 hereof, be borne by the Seller and, prior to such acceptance, Seller shall at all times retain title to said articles.
14. **SECRECY:** If any drawings or other information marked confidential are delivered by Buyer to Seller to enable Seller to manufacture Articles subject of this purchase order, Seller shall take all steps necessary to protect and guard such drawings and confidential information and shall take steps necessary to prevent the communication of the same to any third parties, including the obtaining of written assurances from the employees that none of them shall communicate, divulge or disclose any of such drawings, confidential information and the like.
15. **ARBITRATION:** In the event of any dispute under this order the same shall be settled by arbitration in accordance with the rules of the American Arbitration Association.