

TERMS APPLICABLE TO ALL PURCHASE ORDERS

1. Prices: This order must not be filled at higher prices than shown on this order. Seller warrants prices herein are as low as any (net) price given by Seller to any other customer for like material. Seller will give Buyer benefit of any price declines prior to date of shipment.

2. Statement of Account and Terms: A statement of account must be sent to Buyer's Accounting Department as soon as possible after the first of each month. Delays in receiving statement or invoice, and also errors and omissions on statement, will be considered just cause for withholding settlement without listing discount privilege. Buyer will deduct 2% for payment on or before the 10th of the month following receipt of statement of account, unless otherwise specified herein. Payments to be made by check only. No drafts or C.O.D.s will be honored.

3. Packing and Transportation: Deliveries shall be made as specified, without charge for boxing, crating or storage unless otherwise specified. Material shall be suitably packed to assure against damage from transportation and weather and to secure lowest transportation costs in accordance with requirements of common carriers. Buyer's order numbers and symbols must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing list shall accompany each box or package shipped showing Buyer's order number and symbol, item number and description of materials. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists. Shipping receipts or bills of lading shall be sent to Buyer's Traffic Department on date material is shipped. Invoices shall be mailed in original only to the attention of Buyer's Accounting Department immediately after each shipment. Extra freight and/or cartage charges resulting from routing deferring from Buyer's instructions will be charged to Seller's account.

4. Shipment and Delivery: If the shipping data or dates specified in this order cannot be met, Seller shall so state on the acknowledgment copy hereof, indicate thereon the best schedule Seller can meet and Buyer reserves the right to cancel all or any part of this order if Seller's shipping schedules are unsatisfactory. Buyer further reserves the right to reject shipments and to cancel this order or any unfilled portion thereof if shipment is not made within the time specified without liability and with the right to purchase like or similar material elsewhere and charge Seller for any loss. If necessary to meet the delivery schedule of this order Seller shall, if requested by Buyer, make shipments via Air Express and Seller shall pay the difference between the cost of Air Express shipment and the cost of the shipment specified in this order.

Invoices covering material shipped in advance of date specified will not be paid unless otherwise agreed until their normal maturity. Buyer shall not be liable for damages for failure to accept delivery if such failure is due to government order or regulation, fire, strike, riot, accident to plant or machinery, or any case beyond its control.

Time of performance of all covenants and conditions, including delivery, on the part of Seller is of the essence.

5. Inspection: If a specification number is noted for the articles ordered, Seller shall, upon request, furnish a notarized report confirming manufacture of the articles according to specifications. This report shall bear Buyer's Purchase Order number and a description of the articles shipped, and must be received prior to or at the time of arrival of the articles unless otherwise agreed to by the Buyer.

Seller shall provide a complete inspection system, satisfactory to Buyer, covering the inspection of all material, fabricating methods, jigs, fixtures, dies and finished articles.

All articles ordered will be subject to final inspection and approval by buyer after delivery, notwithstanding prior payment, it being expressly agreed that payment shall not constitute final acceptance. Buyer reserves the right to reject and return, at the risk and expense of Seller or hold at Seller's risk and expense, all or any portion of a shipment which contains defective material or workmanship or fails to comply with description, specification or sample, or the warranties given herein, without invalidating the remainder of this order. Rejected articles may be returned to Seller of the full invoice price plus cost of transportation, packing, inspection and either like expense. No replacement of rejected articles shall be made unless directed by Buyer.

6. Warranty: Seller warrants that all material and work covered by this order will conform to applicable specifications, drawings, samples, and/or other descriptions given, and that all such material will be of merchantable quality, fit for the purpose intended and free from all defects. The aforesaid warranty shall be in addition to any warranty or service guarantee given to Buyer by Seller or by law. All warranties and service guarantees shall run both to Buyer and to its customers.

Seller shall forever indemnify and hold harmless Buyer, its successors or assigns of and from any obligation or liability or loss by reason of any breach and any claim by any third person against Buyer for damages which is predicated or founded or arises out of or as a result of any breach of any warranty, express or implied, on the part of Seller.

7. Changes and Termination: If the articles to be furnished hereunder are to be specifically manufactured in accordance with Buyer's drawings and specifications, Buyer may be written order make changes in drawings or specifications. Any difference in price or time for performance resulting from such change, will be equitably adjusted and the order modified in writing accordingly.

Buyer reserves the right to cancel this order or any part thereof by written notice at any time prior to completion. Upon receipt of such a notice, Seller shall thereupon cease work and promptly cancel all outstanding orders and commitments chargeable to the orders so cancelled.

(a) Where such cancellation is not caused by fault of Seller, Buyer, shall pay Seller the full contract price for materials and parts completed and ready for delivery, provided, however, that no materials or parts shall be paid for where completion was premature under the schedule of agreed delivery dates. All cancelled items not completed when such items were properly scheduled, shall be paid for on the basis of actual cost of labor and material used, and reasonable overhead expenses applicable thereto, according to generally accepted accounting principles, plus a reasonable profit on such costs and expenses, but in no event shall the total amount exceed 90% of the contract price and provided, further, that no claims shall be made for any anticipatory profits or other damages resulting from cancellation of this order.

(b) Where such cancellation is through the fault of Seller, Buyer, at its option, and without viewing any of its rights to recover damages or losses sustained, may accept the completed portion of this order and pay for the same at the contract price, or may place this entire order elsewhere and charge Seller the difference in cost thereof to Buyer.

8. Special Tools: (a) Unless otherwise herein agreed, special dies, tools and patterns used in the manufacture of the articles herein ordered shall be furnished by and at the expense of Seller, shall be kept in good condition and, when necessary, shall be replaced by Seller without expense to Buyer.

(b) Upon agreement of the parties Buyer may at any time reimburse Seller for the cost of the whole or any part of said special dies, tools, patterns and replacements and thereby become the owner and entitled to the possession of same.

(c) If the price stated on the face hereof includes separately the cost of any dies, tools and/or patterns acquired by Seller for the purpose of filling this order, such dies, tools and/or patterns shall become the property of Buyer and Seller shall, to the extent feasible, identify said property as Buyer directs. When its order has been completed, such dies, tools and/or patterns shall be disposed of as Buyer may direct.

9. Buyer Owner of Furnished Material: Seller assumes complete liability for any Buyer-owned or Buyer-furnished tooling, articles and materials, unless furnished to Seller on a charge basis, in connection with this Purchase Order and Seller agrees to pay for all such tooling, articles and materials spoiled by it or not otherwise satisfactorily accounted for. Title to the aforesaid Buyer-owned or Buyer-furnished tooling, articles or materials shall at all times remain in Buyer. Seller is and shall be on Express Trustee for the benefit of Buyer of all such tooling, articles and materials.

10. Insurance: If and when requested by Buyer, Seller agrees to procure, at Seller's sale cost and expense, a policy or policies of insurance in form satisfactory to the Buyer wherein Buyer shall be a named insured, insuring all property on Seller's premises owned by the Buyer against loss or damage resulting from fire (including extended coverage), malicious mischief and vandalism. Satisfactory evidence of procurement and existence in full force and effect of such insurance shall be submitted to Buyer within a reasonable period of time after such request by Buyer.

11. Advertising: Seller shall not, without first obtaining the written consent of buyer, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish to Buyer the articles herein mentioned.

12. Patent Indemnity: Seller on behalf of itself, its successors and assigns, warrants that the material and articles ordered hereunder, unless made pursuant to specifications furnished by Seller, does not and will not infringe any letters patent granted by the United States of America or any country foreign thereto, nor any trademark or trade name, and covenants and agrees to indemnify and save harmless Buyer, its successors, assigns customers and users of its products, against any and all claims, demands, expenses and liabilities arising from or attributable to such infringements, and Seller agrees to defend, at its own expense, and at no expense to Buyer, any such claims whether justified or unjustified, or at the operation of Buyer to permit and assist Buyer in the defense thereof, and to pay all reasonable attorney's fees, court costs and other expenses sustained by Buyer or its customers in the defense thereof.

13. Patent Rights: Where payment is made for experimental, developmental, or research work, as such, to be performed in accordance with special requirements of the Buyer, Seller agrees to disclose and on request to assign to Buyer, each invention resulting therefrom. All proprietary rights embodied in designs, tools, patterns, drawings, information and equipment supplied by Buyer under this Purchase Order are reserved and their use is restricted to the work to be performed hereunder. Seller shall not disclose any details connected with this order to any tied party except as may be required to insure performance without first obtaining the written consent of Buyer.

14. Assignment and Subcontracting: Seller may not assign this Purchase Order, or any portion thereof, except that Seller may, upon the prior written consent of Buyer, assign claims for monies due or to become due hereunder; provided in such event Seller shall supply Buyer promptly with two copies of any such assignment, and provided further, that payment to an assignee of any claim hereunder shall be subject to setoff or recoupment for any present or future claim or claims which Buyer may have been against Seller. Seller agrees to obtain Buyer's approval before subcontracting this order or any substantial portion thereof, provided, however that this limitation shall not apply to the purchase or standard commercial supplies or raw material.

15. Compliance With Applicable Laws, Fair Labor Standards Act, Etc.: Seller agrees that in the performance hereof, it will comply with all applicable laws, statutes, rules, regulations or orders of the United States Government or any state or political subdivision thereof, and same shall be deemed incorporated herein by reference. By accepting this order Seller certifies that the materials and articles ordered hereunder will be produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and lawful regulations and orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof and the Labor Management Relations Act.

16. Breach of Contract: Seller shall be in breach of this contract if Seller fails to make delivery as called for herein, or Seller fails to perform any of Seller's covenants and obligations set forth herein or should any warranty of Seller prove to be false or in the event of any of the following insolvency of Seller, Seller's filing a voluntary petition in bankruptcy; filing of any involuntary petition to have Seller declared bankrupt, the appointment of a receiver or trustee for Seller's assets; the execution by Seller of an assignment for the benefit of creditors. In the event of such breach, Buyer may cancel all or any part of the undelivered portion of this order and Seller shall be liable to buyer for all incidental and consequential damage incurred by Buyer. The remedies provided in this section shall be in addition to any other remedies provided in law or equity.

The failure of Buyer to insist, in any one or more instances, upon strict performance of any of the terms of this Purchase Order, or to exercise any rights herein conferred, shall not be construed as a waiver of Buyer's right to assert or rely on any such terms or rights on any future occasion.

17. Attorney's Fees: By the acceptance of this order, Seller agrees that in the event that Buyer be a party to any action arising out of or from or as the result of or predicated upon this Purchase Order, Seller shall pay to Buyer its reasonable attorney's fees and court costs incurred in connection therewith.

18. The Contract created by this Purchase Order, executed by Buyer and its acceptance by Seller is a complete and exclusive statement of the contract and supersedes, and there is merged herein all prior and contemporaneous negotiations and may only be amended or supplemented or otherwise affected by an agreement in writing executed on behalf of Buyer by an authorized Officer thereof. Buyer will not be bound by any printed matter on Seller's quotation form, sales form or the like, which imposes conditions at variance with the terms herein provided and Seller's acceptance of this order shall be deemed acceptance of all the terms and conditions herein. This contract shall be construed to be effective in and under the laws of the State of California.

19. Equal Opportunity-Non Discrimination in employment law Sec. 302 of executive order 11246 dated March 6, 1961 as used in said clause, Contractor means Seller: Seller shall include said clause in its subcontracts.

20. IAWASPR 1-707.3 Utilization of Small Business and Small Disadvantaged Business Concerns in compliance with the requirements of the Small Business Act the following clause, as appropriate shall be included in all subcontracts.

(a) The utilization of Small Business and Small Disadvantaged Business Concerns clause in 7-104 14 (a) shall be included in all contracts exceeding \$10,000 except those which will be performed entirely outside of any state territory or possession of the United States the District of Columbia or the Commonwealth of Puerto Rico or those which are for services personal in nature.

21. Statement of Quality: The Supplier shall certify, in a Statement of Quality, that all required inspections and tests have been performed and found to comply with the requirements of this contract. The certification must be signed and the signer's position or title given. The certification must identify the serial number, lot number, date of manufacture, etc. of the delivered item, state the specification or drawing number and revision whether inspection records give attributes or variables data, and the location and date of the inspections and tests. Inspection and test data shall be maintained for seven (7) years (if not otherwise specified) and are subject to TBE's examination.

Form: TBP1003 Rev 1