



TERMS & CONDITIONS

ACCEPTANCE OF CONTRACT

Seller shall be bound by this offer and its terms and conditions when Seller executes and returns the acknowledgement or when it delivers to Buyer any of the items ordered or when it renders for Buyer any of the services ordered hereunder. Acceptance is expressly limited to the terms and conditions stated herein. Any additional or different terms proposed by Seller are rejected unless expressly assented to in writing and signed by Buyer's authorized agent. All specifications, drawings, and data submitted to Seller with this order are hereby incorporated herein and made a part hereof.

CHANGES

Buyer reserves the right at any time to make changes to any one or more of the following: (a) specifications, drawings, and data incorporated in this contract where the items to be furnished are to be specifically manufactured for Buyer; (b) methods of shipping or packaging; (c) place of delivery; and (4) time of delivery. Any changes to these terms of the contract will be reflected in a change order issued to Seller and the Acceptance of Contract terms listed above will apply. The terms of a change order shall govern and control only if such change order has been executed by Buyer's authorized agent. Any changes requested by Seller must be in writing and executed by Buyer prior to making the change.

DELIVERY

Time is of the essence in this contract and, if delivery of items or rendering of services is not completed by the due date, Buyer reserves the right without liability, in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller as to stated items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller with any loss incurred. Any provisions herein for delivery of articles or rendering of services by installments shall not be construed as making the obligations of Seller severable. Shipments sent C.O.D. without Buyer's written consent will not be accepted and will be at Seller's risk. No charges will be allowed for boxing, crating, or special packaging unless expressly agreed to in writing by Buyer. Seller shall follow Buyer's freight policy for shipping product when utilizing Buyer's freight accounts. If freight policy is not properly followed by Seller, Buyer reserves the right to charge back the Seller for freight expenses. If Seller is unable to meet the required due date with normal modes of transportation, Seller is responsible for all costs associated with expedited freight. If Buyer agrees to expedited freight that will be billed by Seller, a change order must be issued and executed by Buyer with the freight charges identified in writing.

NON-CONFORMING GOODS

Buyer is not required to perform inspections of any goods and Seller waives any right to require Buyer to conduct any such inspections. Seller will not substitute any goods for the goods covered by this contract unless Buyer consents in writing. If Buyer rejects any goods as non-conforming, Buyer may, at its option, (a) reduce the quantities of goods ordered under this contract by the quantity of non-conforming goods, (b) require Seller to replace the non-conforming goods, and/or (c) exercise any other applicable rights or remedies. Seller must inform Buyer in writing of the manner in which Seller desires that Buyer dispose of non-conforming goods within forty-eight (48) hours of notice of Buyer's rejection of non-conforming goods or such shorter period as is reasonable under the circumstances. Seller will bear all risk of loss with respect to all non-conforming goods and will promptly pay or reimburse all costs incurred by Buyer to return, store, or dispose any non-conforming goods. Buyer's payment for any non-conforming goods will not (i) constitute acceptance by Buyer, (ii) limit or impair Buyer's right to exercise any rights or remedies, or (iii) relieve Seller of responsibility for the non-conforming goods.

WARRANTY

General: Seller warrants and guarantees to Buyer, its successors, assigns, and customers that the goods and services covered by this contract will (a) conform to the then-current release/revision level of Buyer's applicable specifications and drawings, (b) conform to all samples, descriptions, brochures, and manuals furnished by Seller or Buyer, (c) be merchantable, (d) be of good material and workmanship, (e) be free from defect, and (f) be fit and sufficient for the particular purposes intended by Buyer and any customer of Buyer.

Warranty Period: In the case of goods supplied for use as or incorporation into parts, components, or systems or other finished products, the period for each of the foregoing warranties will commence upon in-service date of the goods and match Buyer's warranty to its customers.

Remedies and Damages: If any goods are reasonably determined (including by use of statistical analysis or other sampling methodology) to fail to conform to the warranties set forth in this contract, Seller shall reimburse Buyer for all losses, costs, and damages caused by such non-conforming goods. Such costs and damages may include, without limitation, costs, expenses, and losses of Buyer and/or its customers arising from (i) inspection, sorting, repair, or replacement of any non-conforming goods or any system or component that incorporates such non-conforming goods, (ii) production interruptions or slowdowns, (iii) off-lining of production processes, and (iv) field service campaigns and other corrective service actions, including, without limitation, the amounts paid to distributors and/or dealers for materials and replacement parts (including reasonable markup to recover administrative costs or other capital expenses) and the labor costs to perform such work.

BUYER'S REMEDIES

In the event of Seller's breach of this contract, without affecting Buyer's other rights and remedies and notwithstanding any limitation in Seller's express warranty or otherwise, Buyer expressly reserves the right, at the election of Buyer and without limitation of Buyer's rights to recover its incidental and consequential damages from Seller, (a) to "cover" the goods and recover from Seller the difference between the cost of cover and the contract price, (b) to obtain specific performance from Seller, (c) to reject the goods and repudiate the contract and recover from Seller the difference between the market price and the contract price, or (d) to accept the goods and recover from Seller the difference between the value of the goods and the contract price.

BUYER'S RECOVERY RIGHT

With respect to any monetary obligations of Seller or Seller's affiliates to Buyer or Buyer's affiliates, including, without limitation, direct and indirect losses, costs, and damages resulting from Seller's failure to timely delivery goods or services, the failure of any goods or service to conform to applicable warranties, or other breach by Seller of this Contract, Buyer may at any time, as applicable, recover, recoup, or setoff such amounts by deducting such amounts from any sums that are or will become owing, due, or payable to Seller or Seller's affiliates by Buyer or Buyer's affiliates.

PROPERTY FURNISHED TO SELLER BY BUYER

Unless otherwise agreed in writing, all special dies, molds, jigs, fixtures, inventory, and any other property furnished to Seller by Buyer or specifically paid for by Buyer for use in the performance of this contract shall be and remain the property of Buyer, shall be subject to removal upon Buyer's instruction, shall be marked or tagged showing it is the property of Buyer, and shall be used only in filling orders from Buyer. Buyer does not authorize any other usage of Buyer-owned tooling for the manufacture of items to third parties or the use products made to Buyer specifications for third parties without written authorization from Buyer. It is the responsibility of Seller to provide an annual written confirmation listing the tooling that is Buyer's property and stating that Buyer has the right to retrieve all of its tools at any time Buyer deems necessary.

INSURANCE

Seller agrees to maintain insurance from insurance carrier(s) with an "A" rating or higher covering all tooling, dies, plates, work-in-process, and finished products that are in Seller's possession or control. All such policies shall provide that the coverage limits shall not be amended and the policy not be terminated without at least thirty (30) days prior written notice to Buyer. All such policies are to be on an "occurrence" basis only and not on claims made basis. Buyer shall be named as an additional insured under such policies and Seller shall arrange for certificates of insurance to be sent to Buyer at the beginning of each renewal term.

If requested by Buyer via a supplemental document, Seller agrees to obtain and maintain, at its expense, a policy or policies of commercial general liability insurance from an insurance carrier with an "A" rating or higher, including endorsements for products liability, completed operations, and contractual liability with minimum limits of \$2 million combined single limits each occurrence and umbrella/excess limits of \$5 million covering products sold to Buyer or any of its affiliates. Said policies shall provide coverage in North America.

INTELLECTUAL PROPERTY

Any and all specifications, drawings, and other data incorporated into this contract and any change order hereunder and any other information provided by Buyer to Seller at any time (collectively, "Buyer Intellectual Property") shall

remain the sole and exclusive property of Buyer. Buyer hereby grants to Seller a non-exclusive, revocable, and limited license to use the Buyer Intellectual Property solely for the purposes of performing under this contract and any change order executed by Buyer. Seller expressly agrees that it will not use the Buyer Intellectual Property for any other purposes or for any products or services provided to any of Seller's other customers or any third parties whatsoever. Upon termination of this contract for any reason, Seller shall promptly return all Buyer Intellectual Property and all copies thereof in Seller's possession or control to Buyer.

To the extent any of the products delivered by Seller to Buyer hereunder incorporate any Buyer Intellectual Property, Seller hereby assigns to Buyer all of Seller's right, title, and interest, if any, in and to such products and any of Seller's intellectual property used in the creation of such products, except for any intellectual property owned by Seller prior to the date of this contract and not developed exclusively for the products delivered hereunder.

Seller undertakes and agrees to defend at Seller's own expense all suits, actions, or proceedings in which Buyer, any of Buyer's distributors or dealers, or the users of any of Buyer's products are made defendants for actual or alleged infringements of any U.S. or foreign letters patent resulting from the use or sale of the items purchased hereunder (except infringement necessarily resulting from adherence to specifications or drawings originally submitted to Seller by Buyer, other than those of Seller's design or selection) and further agrees to pay and discharge all judgments or decrees which may be rendered in any such suit, action, or proceeding against such defendants therein.

PRICE

Buyer shall not be billed at prices higher than stated in this contract or any change order hereunder unless authorized by a change order issued and signed by Buyer. Seller and Buyer agree that they may do business with each other from time to time, which includes Seller bidding on the future manufacture of products for Buyer and re-bidding on existing products. Therefore, Seller agrees that each bid will, at a minimum, contain a breakdown of the unit cost for each product produced for Buyer. The unit cost breakdown shall include (where applicable), but not be limited to, the following components of total cost: material costs, manufacturing material costs, conversion costs, labor costs, overhead, and profit. Buyer may require further cost breakdowns in the future and Seller agrees to reasonably work with Buyer in its effort to understand the cost structure of the products being manufactured for Buyer.

PAYMENT

Payment terms are defined on the face of each contract or change order issued by Buyer to Seller. It is understood that the cash discount period will date from the receipt of goods or the invoice, whichever is later. In no event is Buyer obligated to make payment prior to its normal payment cycle.

COMPLIANCE WITH LAWS

Seller warrants that all products delivered hereunder will comply with all applicable environmental, occupational, safety, health, and other laws, rules, regulations applicable to the design (where Seller provides such design or design services to Buyer) and manufacture of the products.

OTHER DOCUMENTS

Seller agrees to abide and be bound by Buyer's Supplier Code of Conduct, Contractor On-Site Policy, and Confidentiality and Non-Disclosure Agreement, each of which Seller acknowledges having received and reviewed prior to accepting this contract.

TERMINATION

Buyer may terminate this contract for its convenience, in whole or in part, by written, electronic notice or by the same means this contract was provided to Seller at any time. If this order is terminated for convenience, any claim of Seller shall be limited to the reasonable costs it has incurred in the performance of this contract.

FORCE MAJEURE

Delays resulting from any and all causes outside the reasonable control of either party, including, but not limited to, acts of God, acts or requests of government or governmental agencies in their non-commercial capacity, riot or civil commotion, sabotage, accidents, fire, flood, explosion damage to plant or facilities, epidemics, typhoons, quarantine restrictions, or absence of normal means of communication or transportation, shall extend the time of performance for a period not to exceed 30 cumulative calendar days ("Force Majeure Period"). Neither party shall be liable for any loss, damage, detention, or delay resulting from any of the foregoing causes. Buyer may terminate this Agreement for force majeure events that continue beyond the Force Majeure Period.

INDEPENDENT CONTRACTOR

Seller is and shall be deemed to be an independent contractor and not an employee of Buyer. Seller shall not and shall have no authority to enter into negotiations for or enter into any contracts or commitments in the name or on behalf of Buyer. Seller shall indemnify Buyer and hold Buyer harmless against any liability arising out of a breach by Seller or failure to comply with all tax laws applicable to receipt of Buyer's payments.

PRODUCT LIABILITY

Seller hereby indemnifies and agrees to defend Buyer against all claims for property damage and personal injury which may arise out of the performance of the services by Seller hereunder or the use by Buyer or other persons of the articles or completed products furnished hereunder.

TITLE AND RISK OF LOSS

Title to any products delivered to Buyer hereunder shall pass to Buyer upon Buyer's actual receipt of such products. Title shall transfer to Buyer even if Seller has not been paid for such products, provided Buyer shall not be relieved of its obligation to pay for such products in accordance with the terms of this contract. The risk of loss and expense of transportation shift to Buyer at the F.O.B. destination.

TAXES

Unless the purchase is subject to sales and/or use taxes as indicated on the front of a purchase order executed by Buyer, the purchase order shall not include sales, use, excise, or similar state or local taxes applicable to the goods or services furnished hereunder or to the materials used therein. Where such taxes are applicable, they shall be shown separately on Seller's invoice and must have been disclosed on the purchase order executed by Buyer. For each state to which the goods are shipped or in which the services are performed, Seller shall comply with applicable instructions issued by Buyer.

Texas Taxes: Buyer hereby claims an exemption from payment of state and local sales, excise, and use taxes upon its purchase of taxable items from Seller. This certificate will remain in effect until Seller is otherwise notified. This certificate does not cover: (a) purchase of taxable items to be resold without further fabrication or manufacturer; (b) sales or rentals to any purchaser other than the permit holder; or (c) sales or rentals of motor vehicles subject to the Motor Vehicle Sales and Use Tax (Chapter 6, Title 122A). The permit holder agrees not to permit others (including its contractors and repairman) to use Buyer's direct payment authorization to purchase material tax free. Buyer agrees to accrue and pay taxes to the Comptroller of Public Accounts as required by Statute Effect Date: September 1974.

Other State Taxes: Buyer's Exemptions Certificate (if applicable) is included in the purchase order or has previously been sent to Seller. Any questions concerning taxes should be referred to Buyer's Finance Department located in Itasca, IL.

APPLICABLE LAW

This contract and all purchase orders and change orders hereunder shall in all respects be construed by the laws of the state from which Buyer issues it.