

TERMS AND CONDITIONS OF PURCHASE

Price: If no price is specified in this order, Seller's price shall not exceed the price last quoted or charged to PRO-Manufactured Products or the prevailing market price, whichever is lower, unless otherwise agreed in writing.

Acceptance: This purchase order constitutes PRO- Manufactured Products offer to the Seller, and confirmation or commencement of performance shall constitute acceptance of this order by the Seller. Conditions stated by Seller in a quotation or in a confirmation of this order which conflict with or add to the terms and conditions stated in the order shall not be binding upon PRO-Manufactured Products unless agreed to by it in writing.

Changes: PRO-Manufactured Products shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.

Seller shall notify PRO-Manufactured Products of changes to product, processes, suppliers and facilities. Significant changes to Supplier's QA Program shall be provided to PRO-Manufactured Products. Relocation of this work to a division, affiliate or subsidiary of the Seller's company shall also be reported in writing to PRO-Manufactured Products prior to relocation of the work.

Insurance: In the event that Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on PRO-Manufactured Product's property, or property of PRO-Manufactured Product's customer, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of PRO-Manufactured Products. Seller shall maintain all necessary insurance coverage, including public liability and Worker's Compensation insurance. Seller shall indemnify and save harmless and defend PRO-Manufactured Products from any and all claims or liabilities arising out of the work covered by this paragraph.

Setoff: All claims for money due or to become due from PRO-Manufactured Products shall be subject to deduction or setoff by PRO-Manufactured Products by reason of any counterclaim arising out of this or any other transaction with Seller.

Delivery: Deliveries are to be made in quantities and at the times specified by PRO-Manufactured Products. PRO-Manufactured Products shall not be liable for payment of goods shipped in excess of the quantities stated. PRO-Manufactured Products may from time to time

change delivery schedules or temporarily suspend scheduled deliveries. All goods shall be suitably packed, marked and shipped in accordance with the requirements of common carriers in a manner to secure the lowest transportation cost and no additional charge for transportation shall be made to PRO-Manufactured Products unless otherwise stated herein.

Cancellation: PRO-Manufactured Products may at any time terminate this order in whole or in part for its convenience upon written notice to the Seller in which even Seller will be entitled to reasonable expense (which shall not include lost profits) which amount shall in no event exceed the applicable pro rata portion of the contract price. PRO-Manufactured Products may also terminate this order or any part hereof for cause in the event of any default by the Seller, or if the Seller fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of products which are defective or which do not conform to this order, and failure to provide PRO-Manufactured Products, upon request, reasonable assurances of future performance shall all be causes allowing PRO-Manufactured Products to terminate this order for cause. In the event of termination for cause, PRO-Manufactured Products shall not be liable to Seller for any amount, and Seller shall be liable to PRO-Manufactured Products for any and all damages sustained by reason of the default which gave rise to the termination.

Modification: No waiver or modification of these conditions shall be binding upon PRO-Manufactured Products unless agreed to by it in writing.

Inspection: All goods shall be received subject to inspection by PRO-Manufactured Products. Defective goods or goods not in conformance with specifications will be returned at Seller's expense and risk.

Warranty: Seller guarantees that all goods called for in this order shall comply with the specifications herein and warrants that the goods are of merchantable quality and fit and safe for their intended use, and Seller agrees to reimburse PRO-Manufactured Products for all losses or damages sustained by it by reason of Seller's breach of such warranties. Acceptance of this order shall constitute an agreement upon Seller's part to indemnify PRO-Manufactured Products against all liability, loss and damage sustained by it by reason of the failure of the goods to conform to such warranties.

Indemnification: Seller shall defend, indemnify and hold harmless PRO-Manufactured Products against all damages, claims and liabilities and expenses (including attorney's fees) arising out of or resulting from any defect in the goods purchases hereunder, or from any act or omission of the Seller, its agents and/or its employees. This indemnification shall be in addition to the warranty obligations of the Seller.

Patent, Trademark and Copyright Indemnity: Except to the extent that this order calls for goods to be supplied in accordance with PRO-Manufactured Product's drawings or

specifications, Seller shall indemnify PRO-Manufactured Products against any loss, damages, costs, claims, or judgments for actual or alleged infringement of any patent, trademark or copyright arising from the purchase, use, sale or lease of any goods purchased by it pursuant to this order.

Assignment and Subcontracting: This order may not be assigned or subcontracted in whole or in part without the prior written consent of PRO-Manufactured Products.

Waiver: PRO-Manufactured Product's failure to demand performance of any of the terms or conditions herein or to exercise any of its rights or privileges or any waiver of a breach hereunder shall not be deemed a waiver of any other terms, conditions, privileges or occurrence of the same or similar type.

Nonconforming Product: Supplier shall notify PRO-Manufactured Products of any nonconformance in material supplied by PRO-Manufactured Products. Such nonconforming material shall not be disposed of without written approval from PRO-Manufactured Products. The Seller shall make, in writing to PRO-Manufactured Products, any request for modifications (i.e. changes, deviations, waivers) to any established requirements.

Right of Access: PRO-Manufactured Products shall have limited, escorted, prescheduled access to all facilities of the Seller, and its sub-tier Sellers, involved in the order. This access shall also be accorded to PRO-Manufactured Product's customer and authorities. This access applies to all facilities and to all applicable records used for engineering, production and testing for the purpose of verifying compliance with the requirements of the PRO-Manufactured Product's Purchase Orders. PRO-Manufactured Products reserves the right to perform verification at the Seller's facilities including, but not limited to, such activities as witnessing operations in progress, reviewing quality assurance documents and records and performing audits. Upon request, Seller shall provide PRO-Manufactured Products any and all quality information, documents and records as required. Personnel representing the PRO-Manufactured Product's customer shall be accorded similar rights when accompanied by a PRO-Manufactured Product's representative.

If government source inspection (GSI) is required on this order, the Seller shall notify the cognizant DCMA office (14) working days prior to when inspections will be required. GSI may include product reviews, storage, in-process and final inspection areas. PRO-Manufactured Product's intention is to schedule GSI on a non-interference basis and in conjunction with PRO-Manufactured Products source inspection/surveillances whenever possible.

Inspection or authorization by PRO-Manufactured Products, or GSI, does not relieve the Seller of its obligation to provide items that are in compliance with the requirements of the Purchase Order.

Records: Seller is required to provide, and adequately maintain, documented quality records for a minimum of Ten (10) years after delivery of the procured item(s). Prior to disposing of quality records, Supplier must notify PRO-Manufactured Products or, alternatively, forward all quality records to PRO-Manufactured Products upon completion of the contract.

Flow-down of Requirements: Seller shall establish in his sub-tier Purchase Orders those requirements necessary to assure that each item delivered has been controlled, manufactured, and inspected in compliance with the requirements of PRO-Manufactured Product's Purchase Order.