

Purchase Orders Terms and Conditions

- 1. ACCEPTANCE AND GOVERNING PROVISIONS: This order is not an acceptance of any offer to sell but is an offer to purchase which may be accepted only by execution of the acknowledgment copy of by Seller and return of such company of Stockbridge Engineering Inc. within 2 days from date of this order set forth on the reverse side hereof, or by other expression of acceptance, including shipment hereunder. Upon acceptance, this order shall constitute the entire agreement between the parties (except for any additional warranties given by Seller), superseding any and all previous communications and negotiations. Unless specifically agreed to in writing by Buyer, signed by duly authorized personnel of buyer, no additional or different term or provision (except additional warranties given by Seller) of any quotation, acknowledgment, invoice or other form supplied by Seller shall become part of the contract notwithstanding Buyer's failure to specifically object to such terms or provision. The agreement of sale resulting from the acceptance of this order shall be construed and interpreted in accordance with the internal laws of the State of Wisconsin.
- 2. DELIVERIES and CANCELLATION: Buyer's production schedules are based upon timely performance by Seller under this Order. TIME IS OF THE ESSENCE OF THIS ORDER. If any deliveries are not made at the time and in the quantity agreed upon, Buyer may cancel this Order with respect to any or all of the goods hereby ordered and in any event may hold Seller responsible for damages caused by untimely performance. Unless specified, no charge for cartage or packing is allowed. All shipments must include packing slip identifying our purchase order number, the part, number, line number, description of material(s), and quantity(s). Printed invoices must be sent for payment. Original bill of lading, express receipt or other shipping documents, signed by the receiving carrier shall be sent with each shipment. Proof of Delivery may be requested if complete documentation is not received with shipment. There must be no departure from the routing set forth in this purchase order except for emergencies identified by Buyer, who reserved the right to recover from Seller all overcharges arising from failure to follow specified routing.
- 3. QUANTITIES: Shipments must equal exact amount ordered unless otherwise agreed in writing by Buyer. Unauthorized quantities shall be returned at Seller's expense.
- 4. CHANGES: Buyer shall have the right to make changes in this order, including quantity. The right to reschedule for later delivery is reserved if notice is given to Seller in advance of placing material in production. If any change affects delivery or price, Seller promptly shall notify Buyer in writing. Buyer's advance approval in writing is required to affect any increase in price.
- 5. COMPLIANCE WITH LAWS: Seller warrants and agrees that all goods delivered pursuant to this order shall be produced, sold and delivered to Buyer in compliance with and conforming to all applicable laws and government orders, rules and regulations, including Sections 6, 7 and 12 of the Fair Labor Standards Act, as amended, and regulations and

orders of the U.S. Department of Labor issued under Section 14 of said Act, the Federal Motor Vehicle Safety Laws, and Federal Laws, Section 202, Executive Order 11246, Section 503 of the Rehabilitation Act of 1973 and the Vietnam Era Veterans Readjustment Assistance Act of 1974, 38 USC 2012.

- 6. WARRANTY: In addition to any and all other warranties, express, implied or statutory, SELLER WARRANTS THAT ALL GOODS SOLD HEREUNDER SHALL BE FREE FROM DEFECTS IN DESIGN, WORKMANSHIP AND MATERIALS; SHALL COMFORM STRICTLY TO APPLICABLE SPECIFICATIONS, DRAWINGS AND APPROVED SAMPLES, if any; and SHALL BE MERCHANTABLE. SELLER ACKNOWLEDGES IT KNOWS THAT PARTICULAR PURPOSES FOR WHICH THE GOODS ARE REQUIRED AND THAT BUYER IS RELYING ON SELLER'S SKILL AND JUDGEMENT THEREFOR. All warranties shall extend to Buyer, its successors, assigns and customers. In no event shall inspection, test acceptance of or payment by Buyer for goods be deemed to modify any warranty. Seller acknowledges that Buyer's customers are intended third party beneficiaries of this agreement and that they have the independent benefit of, and right to enforce, the terms hereof, including but not limited to warranties.
- 7. INSPECTION and REJECTION: Inspection shall be at Buyer's plant unless otherwise agreed in writing. AT BUYER'S OPTION, INSPECTION MAY BE MADE AT THE SUPPLIER'S FACILITY BY BUYER REPRESENTATIVES OR BUYER'S CUSTOMER. IN THE CASES THESE ARRANGEMENTS AND METHOD OF PRODUCT RELEASE WILL BE SPECIFIED ON THE PURCHASE ORDER. BUYER RESERVES THE RIGHT, AFTER ACCEPTANCE AND PAYMENT, TO HOLD SELLER LIABLE FOR UNSATISFACTORY OR DEFECTIVE GOODS IRRESPECTIVE OF BUYER'S FAILURE TO NOTIFY OF ANY REJECTION OF NONCONFORMING GOODS OR REVOCATION OF ACCEPTANCE THEREOF, OR OF ANY FAILURE TO SPECIFY ANY PARTICULARITY OF DEFECT OR OF PARTICULARITY OF DEFECT OR NONCONFORMANCE. At its option Buyer may return all such goods for full credit at the expense of Seller. Machined castings found defective due to foundry issues will be returned for casting credit. Buyer reserves the right to charge foundry for machining costs. A \$250 minimum will be charged for return of non-conforming product.
- 8. RISK OF LOSS: All risk of loss and/or damage to the goods purchased shall be upon Seller until delivery at Buyer's plant, notwithstanding any delivery terms or shipping instructions to the contrary.
- 9. CONTRACT: Buyer and Seller agree that the laws of the State of Wisconsin shall govern the validity, interpretation and enforcement of this order and its acceptance.
- 10. BANKRUPTCY: In the event of (a) any proceedings, voluntary or involuntary, in bankruptcy or insolvency by or against Seller, or (b) the appointment with or without the Seller's consent, of an assignee for benefit of creditors or of a receiver, or (c) Seller's ceasing to conduct its operations in accordance with accepted business practices (including inability to meet its obligations as they mature), then Buyer shall be entitled to elect to cancel any unfilled part of this order without any liability whatsoever. Whether or not Buyer so elects to cancel, Buyer may, at Buyer's sole election, pay Seller its actual direct-out-of-pocket costs of performance hereunder to the date of such

cancellation, as approved by Buyer, in which event the goods or uncompleted portions of the goods shall be the property of Buyer and Seller shall safely hold the same for a reasonable time subject to receipt of Buyer's written shipping instructions or other disposition instructions.

- 11. INDEMNITY: Seller shall indemnify and save Buyer free and harmless from and against any and all claims, damages, liabilities or obligations of whatsoever kind, including but not limited to damages or destruction of property and injury or death of persons, and including costs, expenses and reasonable attorneys' fees incurred in defense thereof, resulting from or connected with (a) the quality of the goods sold, (b) Seller's performance hereunder, or (c) any default by Seller or breach of its obligations hereunder. Seller, by acceptance of this purchase order, hereby assumes the entire and full responsibility and liability for any and all damages, injury, loss and expense of any kind or nature whatsoever to all persons, whether employees or others, and to all property, arising out of or in any manner resulting from the execution of work provided for in this contract and work incidental thereto, or occurring in connection therewith, whether the same arises from negligence or otherwise, even though such damages, injury, loss or expenses are attributable to the joint, concurrent or contributory negligence of Buyer, its agents, servants or employees. Seller agrees to indemnify, save harmless and defend Buyer, its agents, servants and employees from and against any and all such damage, injury, loss and expenses, including attorneys' fees and expenses of litigation arising out of or in any manner resulting from or occurring in connection with the execution of the work herein provided for, and work incidental thereto, or occurring in connection with or resulting from the use by Seller's subcontractors, agent or employees or others, of any material, tools, implements, appliances, scaffolding ways, condition of previous works or machinery or other personal or real property of Buyer or others. The foregoing shall apply whether any claims resulting in any damages, injury, loss or expense arise under the common law or under any applicable workmen's compensation law or other statute, or otherwise. Seller will furnish Buyer with proper evidence that the Seller is insured against the responsibility and liability assumed herein with limits of not less than the following: Bodily Injury - \$1,500,000/\$3,000,000; Property Damage \$1,500,000.
- 12. WAIVER: Neither the waiver by Buyer, nor Buyer's failure to insist on performance of any term, condition or provision hereof, nor Buyer's failure to exercise any right or privilege, nor Buyer's waiver of any breaches, shall be or be construed as a waiver of any other term provision, conditions, rights, privilege or breach nor a waiver of any subsequent breach of the same term, condition or provision, nor shall it be or be deemed to be a waiver of any provisions of any subsequent order. Buyer's rights and remedies provided hereunder and by law shall be cumulative.
- 13. SUBCONTRACTS: In the acceptance of this order, it is agreed that all subcontracts will be subject to all the terms and conditions contained herein.

- 14. PRICES: Seller warrants that the prices for the goods sold or services to be furnished to Buyer under this order are not less favorable than those currently extended to any other customer for the same or like goods or services in equal or less quantities. In the event Seller reduces its price for such goods or services prior to complete delivery of all goods or the furnishing of all services covered by this order, Seller agrees to reduce, correspondingly, the price of the goods or services covered hereby.
- 15. BUYER'S PROPERTY: All material including tools and equipment furnished or specifically paid for by Buyer and any replacement thereof, or any materials affixed or attached thereto, shall be and remain the property of Buyer, and shall be subject to removal at any time without additional cost upon demand by Buyer, shall be used only in filling orders from Buyer, shall be kept separate from other materials or tools and shall be clearly identified as the property of Buyer. It shall be the responsibility of the Seller to maintain, keep in good condition, and replace when necessary at Seller's expense all such tools, material and equipment in order that such tools, material and equipment at all times have the capacity to produce parts in conformance with Buyer's order. Seller assumes all liability for loss or damage, with the exception of normal wear or tear, and agrees to supply detailed statements of Buyer's property in Seller's possession, custody or control at monthly intervals or as the otherwise agreed upon. All such material, tools, and equipment, while in Seller's possession, custody or control, shall be held at Seller's risk and shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer.
- 16. PACKAGING: Use standard commercial packing to prevent any damage unless specified on Purchase Order.
- 17. CONFIGURATION STATEMENT: The item described on our drawing is the only configuration approved by the Buyer. No changes shall be made to this part or subcomponent, processes and/or manufacturing location without prior notification and approval from the Buyer. All requests for change shall include the reason for change and written assurance that the change will not affect fit, form or function, supported by testing and/or analysis. Any costs incurred by Buyer for unauthorized changes will result in a debit to your account.
- 18. PATENT INDEMNIFICATION: Supplier shall indemnify Buyer and its officers, agents and employees against liability, including costs, for infringement of any United States patent arising out of the manufacture or delivery of supplies or the performance of services under this Purchase Order, or out of the use by Buyer of such supplies.
- IMPORTANT INSTRUCTIONS
- 1. OUR PURCHASE ORDER NUMBER AND LINE NUMBER MUST APPEAR ON ALL PACKAGES, INVOICES, SHIPPING PAPERS, AND CORRESPONDENCE.
- 2. PACKING LISTS MUST ACCOMPANY EACH SHIPMENT.
- 3. INVOICE LINE ITEMS MUST REFERENCE BUYER'S PART NUMBERS TO BE PAID.
- 4. ALL PARTS MUST BE IDENTIFIED WITH BUYER'S PART NUMBER.
- 5. CONDITIONS AND TERMS OF PURCHASE ARE APPLICABLE TO ALL PURCHASE ORDER RELEASE SHEETS.

