



The purchase terms and conditions apply to all quotes and orders provided by Masters Machine Company. By placing an order with us, you agree to be bound by the terms and conditions.

PURCHASE TERMS & CONDITIONS

1. ACCEPTANCE – Acceptance of Buyer's purchase order is expressly limited to the terms and conditions set forth in this purchase order and any relevant Supply Agreement (the "Supply Agreement"). This purchase order shall be deemed to be accepted by Seller and to become a contract (a) upon receipt by Buyer of an acknowledgment of the purchase order being accepted by the Seller, (b) commencement by Seller of performance of the work called for herein, or (c) shipment of any materials called for herein by Seller to Buyer. The word "material" as used herein means goods, parts, property and services furnished by Buyer to Seller. Any proposal for additional, different or inconsistent terms or any attempt by Seller to vary in any degree any of the terms of this offer in Seller's acceptance, any other documents or otherwise is deemed material and is hereby objected to and rejected, but any such proposals shall not operate as a rejection of this offer, unless such variances are in the terms of the description, quantity, price or delivery schedule of the goods or services, and this offer shall be deemed accepted by Seller without said additional or different terms. If this purchase order shall be deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms set forth herein. The Seller agrees that this purchase order contains the complete, exclusive and entire statement of the terms of the agreement and supersedes any previous oral or written representations, and no other agreement, understanding or proposal, including, without limitation, provisions in Seller's quotations, proposals, acknowledgments, invoices or other documents, which modifies or changes any term or condition of the purchase order, or includes any other additional, different or inconsistent terms from those contained in this purchase order, shall be binding unless it has been reduced to writing and specifically accepted in writing by Buyer. No course of dealing, course of performance or usage of trade shall be applicable unless expressly incorporated by this purchase order. Any clerical errors contained in this purchase order or in the Supply Agreement are subject to correction by Buyer. Seller shall at all times comply in all respects with the terms of the then current version of Buyer's "Supplier Manual," located on Buyer's website as such may be revised from time to time by Buyer at its sole discretion.

2. PURCHASES; PRICES – Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, the materials specified on the purchase order or in the Supply Agreement, at the prices specified on the purchase order or in the Supply Agreement, and on the other terms and conditions specified herein. Such prices shall constitute the full and complete prices for the materials, inclusive of all costs and expenses, including, without limitation, those related to freight, handling, shipping, packaging, storage, taxes, metal surcharges and all other fees and charges related to the materials and the delivery of the materials to Buyer (all of which shall be the sole responsibility of Seller), and no additional charges of any type shall be added without Buyer's express written consent. Seller warrants that the prices for the materials are no less favorable than those currently extended to any other customer for the same or similar materials in similar or lesser quantities. Seller agrees to participate in and to provide materials in compliance with the requirements of any cost reduction program in which Buyer is obligated by its customer(s) to participate. Buyer shall also receive the full benefit of all discounts, premiums and other favorable terms of payment customarily offered by Seller to its customers. In the event Seller reduces its prices for the materials during the term of this purchase order, Seller agrees to reduce the prices to Buyer correspondingly. No price increases shall be effective unless agreed to in writing by Buyer. All discounts shall be based on the full amount of each invoice. In addition to any other remedies that may be available to Buyer at law or equity, Buyer shall be entitled to an appropriate reduction in any relevant price with respect to any shortages of materials ordered or any defective materials or materials that are rejected.

3. PAYMENT TERMS – Payments shall be made by Buyer on a net 30 day basis or as specified on this purchase order, after the later to occur of: (i) Buyer's receipt of Seller's invoice; and (ii) delivery of the materials in question, in compliance with the terms of this purchase order, to Buyer F.O.B. at the Relevant Buyer Location. Each invoice shall specify the Purchase Order number.

4. DELIVERY – Material ordered herein must be delivered at the time or times specified on the purchase order or in written releases issued by Buyer hereunder or in the Supply Agreement. All materials shall be shipped F.O.B. to the Buyer's location specified on the purchase order or in the Supply Agreement or otherwise specified in writing by Buyer (the "Relevant Buyer Location"), and the risk of loss or damage in transit shall be upon the Seller. Buyer shall be responsible for all shipping costs. Buyer may specify the carrier or method of transportation at any time. Time is of the essence under this purchase order, and without limitation to the foregoing, 100% on-time delivery is of the essence. In the event of any late delivery, Buyer may (in addition to any other rights and remedies that may be available to Buyer at law or equity), at its option, reject the materials that are subject to the late delivery, cancel this purchase order for default, partially cancel this purchase order for default, vary delivery terms hereunder (including, without limitation, requiring Seller to use expedited delivery at Seller's expense), or use other materials. Any losses or damages sustained, or costs incurred by Buyer by reason of late delivery (without regard to which option Buyer elects) shall be paid to Buyer by Seller. Buyer hereby notifies Seller that such losses and damages may include, without limitation, incidental and consequential damages and lost profits. Buyer may refuse to accept and/or return to or store for Seller (at Seller's risk and expense) any materials that are delivered prematurely. Seller shall reimburse Buyer for all expenses, including, without limitation, damage to the materials, incurred due to improper packing, marking, loading or routing.

5. FORCE MAJEURE – Seller shall be excused for any failure to make, or delay in making, delivery as specified herein or in any release hereunder, if such failure or delay is caused by an accident, fire, flood, invasion, civil commotion, act of terrorism, act of God or government regulation or restriction (collectively, "Force Majeure Events"), so long as not caused by Seller's actions, omissions or negligence and so long as Seller notifies Buyer promptly (and in all cases within 48 hours) upon the occurrence of the Force Majeure Event; provided, however, that Seller shall not be excused by a failure or delay that is caused by any labor problems or strikes relating to the workforce of Seller or its suppliers or subcontractors or any commercial circumstances affecting pricing or availability of any goods, raw materials or other items, and the foregoing shall not constitute Force Majeure Events. During the period of any such delay or failure by Seller, Buyer at its option may (a) purchase materials from other sources and reduce its purchases from Seller by such quantities, without liability to Seller, or (b) have Seller provide materials from other sources in quantities and at times requested by Buyer and at the price set forth in this purchase order. Seller shall within 10 days of Buyer's request for adequate assurances provide Buyer with assurances that the delay or failure shall not exceed 30 days. If the delay lasts more than 30 days or Seller does not provide adequate assurance that the delay or failure will cease within 30 days, Buyer may immediately cancel this purchase order without liability. Buyer shall also be excused for any failure or delay in performing under this purchase order or in accepting delivery, if such failure or delay is due to any Force Majeure Event

6. QUALITY – All materials delivered hereunder by Seller must (a) strictly conform to the representations and warranties set forth herein or in the Supply Agreement or otherwise made by Seller and all relevant specifications, including, without limitation, any specifications set forth on the purchase order or in the Supply Agreement or attached hereto or thereto and any specifications previously agreed upon by the parties, and (b) strictly conform to all relevant drawings, designs, descriptions, specifications and samples. All materials delivered hereunder by Seller must provide certification and MSDS (as required or incorporated herein by reference) and/or samples required to be furnished by Seller under this purchase order. All materials will be subject to Buyer's inspection, and Buyer may at any time reject any material not conforming to the requirements of this purchase order, including, without limitation, the requirements of this Section 6 and the warranties contained elsewhere in this purchase order. This right to reject materials shall survive any prior inspection, acceptance, payment, testing and use. Buyer shall advise Seller of a rejection by either written notice or return of the rejected material, at Seller's risk and expense, within a reasonable time after such rejection. In the event of rejection by written notice, Buyer may thereafter either return the rejected material to Seller at Seller's risk and expense or hold the same for Seller at Seller's risk and expense. Buyer must be informed if there is an alternate product with less environmental impact that meets the current manufacturing specifications. Buyer shall also have the right (but not the obligation) at any time to inspect and/or test, with or without representatives of its customer(s), (a) any materials prior to shipment, and (b) Seller's premises, records, equipment, tooling, Special Tooling (as defined in Section 13 below), supplies and any other items pertinent to production and/or quality control of any materials to be delivered hereunder. Such inspections and testing may be conducted by Buyer or any third party selected by Buyer.

7. QUANTITY – The quantity of material ordered or released hereunder must be strictly adhered to and may not be exceeded or shorted. Buyer shall not be liable for and may reject and may either return to Seller or retain for Seller (in either case at Seller's risk and expense) any material delivered in excess of that so ordered or released.

9. CARTAGE OR BOXING – All materials shall be properly packed, marked, loaded and shipped as required by this purchase order and by the transporting carrier and as otherwise directed by Buyer. All materials shall be packed by Seller in suitable containers for protection to permit safe transportation and handling. Unless otherwise provided, Seller shall bear all costs for cartage, boxing, pallets, packages or containers required in connection with this purchase order. Seller shall properly mark each box, package, or container with Buyer's purchase order number and Buyer's ID or inventory number. Where multiple packages comprise a single shipment, each package shall also be consecutively numbered. Packing slips (which shall accompany the materials), shipping documents and memos, ASN documents and bills of lading shall show the purchase order number, vendor, and item and reference numbers. Shipping documents shall be mailed on the shipment date and must include the ASN, SID, bill of lading or packing slip numbers relating to each shipment. Value of the materials shall not be declared on shipments F.O.B. point of origin. For each international shipment, Seller shall include a customs valuation invoice with a master packing slip and shall furnish all other required export/import documents. Export and trade credits shall belong to Buyer. Seller shall furnish (i) all documents required to obtain export credits and customs drawbacks; (ii) certificates of origin of the materials and goods supplied and the value added in each country; (iii) all NAFTA, AALA and other related documents; (iv) all required export/import licenses or authorizations; and (v) any other documents requested by Buyer or any of its customers. Seller warrants that the contents of such documents shall be true and accurate. Seller shall indemnify Buyer for any damages, including, without limitation, duties, interest and penalties, arising from a false or inaccurate statement.

PURCHASE TERMS & CONDITIONS

10. DEFAULT – Upon the occurrence of any one of the following events, Seller shall be deemed to be in default under this purchase order, and Buyer shall (without limitation to any other rights or remedies that may be available to Buyer at law or equity) have the unrestricted right, upon written notice, to terminate this purchase order and, upon the delivery or mailing of such notice to Seller, every obligation of Buyer hereunder shall immediately terminate: (i) Seller becoming insolvent; (ii) commencement of proceedings by, for or against Seller under any law relating to bankruptcy or the relief of debtors; the appointment of a receiver or trustee for Seller; or the execution by Seller of an assignment for the benefit of its creditors; (iii) determination by Buyer, in its sole judgment, that Seller's financial condition is such as to endanger its performance hereunder; (iv) the dissolution of Seller; the sale, transfer or disposition by Seller of all or substantially all of its assets (either in one transaction or through a series of transactions); or any merger, consolidation, reorganization, sale or other transfer of stock or other equity or other event that results in more than fifty percent (50%) of the equity ownership of Seller being owned by a person(s) who is not currently an equity owner of Seller; (v) Seller's failure to strictly comply with any of the provisions, terms, conditions or obligations of this purchase order (including, without limitation, its failure to make timely deliveries of material specified hereunder) or the Supply Agreement; (vi) any breach by Seller of any representations or warranties hereunder or in the Supply Agreement; (vii) Seller at any time ceasing in any way to be competitive with respect to cost, quality or delivery; or (viii) Seller's failure to comply with any other obligation owed by Seller to Buyer, including, without limitation, pursuant to other contracts between Buyer and Seller. If Buyer cancels this purchase order as hereinabove provided, Buyer shall not be liable to Seller for any amount, except for payments owed for conforming materials accepted by Buyer prior to termination, and (without limitation to any other rights that Buyer may have hereunder or at law or in equity) Seller shall compensate Buyer for all losses and damages (direct or indirect, including, without limitation, consequential and incidental damages and lost profits) sustained, and costs and expenses incurred, by Buyer by reason of such default and/or cancellation, including, without limitation, excess costs incurred by Buyer as a result of obtaining materials from another source.

11. TERMINATION WITHOUT DEFAULT – Buyer may, at any time, for any reason or no reason, for its sole convenience and at its sole discretion, upon notice in writing, terminate this purchase order in whole or in part, even though Seller is not then in default. Such notice shall state the extent and effective date of termination and upon the mailing or delivery thereof to Seller, Seller will, (i) in accordance with the direction set forth in such notice, terminate won/ hereunder and under any orders and/or subcontracts outstanding hereunder, and place no further orders or subcontracts hereunder; (ii) take all steps necessary to protect materials and/or property in Seller's possession in which Buyer has or may acquire an interest; and (iii) take all reasonable steps to minimize any costs, expenses and damages resulting from the termination. Upon such termination, Buyer's obligations to Seller shall be limited to **payment** for (i) conforming materials completed prior to the date of termination, in accordance with the terms and requirements hereof, and not previously paid for; (ii) the actual costs incurred by Seller which are properly allocable under recognized commercial accounting practices to the terminated portion of this purchase order (but excluding any charge for interest or materials which may be diverted to other orders); provided, however, that the total payments which Buyer is obligated to make upon such a termination shall not exceed the purchase order price of the materials to which such termination applies. Buyer shall have no other obligations or liability of any kind to Seller as a result of such a termination. Termination by Buyer hereunder shall be without prejudice to any claims which Buyer may have against Seller. Within 30 days after receipt of a termination notice, Seller shall submit (in writing) its claim for amounts due to Seller. Buyer reserves the right to verify the claim by auditing all relevant records. Seller shall not be paid for any work performed after the date of termination, nor for any costs incurred by Seller's suppliers or subcontractors after such date. Seller shall transfer title and deliver to Buyer, if so requested by Buyer, all undelivered goods, work in process or raw materials paid for by Buyer as provided above. Seller may not terminate this purchase order.

12. WARRANTIES – In addition to Seller's customary warranties, any express warranties set forth elsewhere in this purchase order or in the Supply Agreement and any statutory warranties or any warranties implied by law, Seller warrants that (i) all material delivered hereunder shall strictly conform to (A) representations and warranties set forth herein or in the Supply Agreement or otherwise made by Seller, and (B) all relevant drawings, designs, descriptions, specifications and samples, including, without limitation, any drawings, designs, descriptions, specifications or samples set forth on the purchase order or in the Supply Agreement or attached hereto or thereto or delivered by Buyer to Seller, and (C) all requirements, specifications, and standards of Buyer's customers; (ii) all material delivered hereunder will be new and of the highest quality and free from defects (including, without limitation, defects in materials and workmanship, and design when design is Seller's responsibility); (iii) sale and use of materials delivered hereunder, either alone or in combination with other materials, will not infringe or contribute to the infringement of any patents, trademarks, copyrights or other intellectual property or proprietary right in the United States or any foreign country, and the sale and use thereof will not constitute unfair competition resulting from similarity of design, trademark or appearance; (iv) all materials delivered hereunder may be properly imported into the United States and any other country; (v) upon delivery, Buyer shall receive good title to all materials delivered hereunder, free and clear of any liens, claims and other encumbrances; (vi) all materials delivered hereunder shall be merchantable, safe and fit for Buyer's and its customer's intended purposes, which purposes Seller acknowledges are known to it, and shall comply with all requirements of Buyer's customers; (vii) all materials delivered hereunder shall be adequately contained, packaged, marked and labeled; (viii) all services performed by Seller hereunder shall be performed in a competent and workmanlike manner; and (ix) all materials delivered hereunder shall be manufactured in compliance with all applicable federal, state, local and foreign laws, rules, regulations, and all labeling, transporting, licensing, approval and certification requirements in the United States or any other country where the materials will be sold or used. These warranties shall indefinitely survive any inspection, testing, delivery, acceptance, use and payment and shall inure to the benefit of Buyer, its successors, assigns, customers and the users of Buyer's goods and services. These warranties may not be limited or disclaimed. If Buyer experiences any breaches of the foregoing warranties, Buyer shall have the right, in addition to exercising all other rights Buyer may have under any applicable law or at equity, and in addition to Buyer's rights to indemnification as provided elsewhere in this purchase order, to take the following actions, at Buyer's option: (i) retain the defective materials in whole or in part with an appropriate adjustment in the price for the materials; (ii) require Seller to promptly repair or replace the defective materials in whole or in part at Seller's sole expense, including all shipping, transportation and installation costs (which if requested by Buyer shall be completed promptly by Seller); (iii) correct, repair or replace the defective materials with similar materials and recover the total cost relating thereto from Seller, including the cost of product recalls; or (iv) reject the defective materials (and store or return the defective materials at Seller's risk and expense). Seller's warranties hereunder run to Buyer, its dealers, customers and users of the materials. Buyer must inform Seller of any defects in manufacturing, form fit or function within 90 days of delivery. Buyer must inform Seller of any defects in Consignment manufacturing, form fit or function within one (1) year of delivery. Seller will not be responsible for any defects identified after the warranty period as these may be due to shipping, handling and/or storage issues.

13. INDEMNIFICATION – Seller agrees to defend every suit, claim or proceeding which may be brought against any Indemnified Party (as defined below) or any other person for any actual or alleged infringement of any patent, trademark, copyright or other intellectual property or proprietary right by reason of the sale or use of any material furnished hereunder, either alone or in combination with other materials, or any actual or alleged unfair competition resulting from similarity of design, trademark or appearance of any materials delivered hereunder, either alone or in combination with other materials, and to pay all expenses and fees of counsel which shall be incurred in connection with such defense, together with all costs, damages, losses and lost profits resulting therefrom. Buyer has the right to be represented by and actively participate through its own counsel in any such suit, proceeding or claim. Without limitation to the foregoing and independent of any insurance, Seller further agrees to indemnify and hold Buyer and its subsidiaries, affiliates, successors and customers and its and their officers, directors, employees, agents and other representatives ("Indemnified Parties") harmless against any and all liabilities, damages (including, without limitation, consequential and incidental damages and lost profits), losses, claims, liabilities, injuries (including, without limitation, any injury to any person (including, without limitation, death) or damage to property) actions, suits, costs and expenses (including, without limitation, attorneys' fees) which are or may be incurred by any Indemnified Party by reason of or in connection with (a) any defect in materials and services (and/or design, if Seller's responsibility) delivered hereunder, or any failure of any materials to strictly comply with the requirements of this purchase order; (b) any breach or violation of any of the terms of this purchase order (including, without limitation, any breach of any of the representations, warranties, obligations or covenants of Seller contained herein) or the Supply Agreement; (c) any use or sale of any materials; or (d) any actions or omissions of Seller or its employees, subcontractors, agents or other representatives, including, without limitation, any negligence by Seller or its employees, subcontractors or other agents or representatives. This indemnification obligations set forth in this Section 12 shall be in addition to any warranty obligations of Seller.

14. SPECIAL TOOLING – "Special Tooling" shall mean all special tools, tooling, tooling aids, jigs, dies, special dies, molds, fixtures, drawings, designs, patterns and similar items acquired or utilized by Seller to produce any materials for Buyer. All Special Tooling and any other property that is paid for by Buyer or its customer and/or furnished to Seller by Buyer or its customer and/or made available to Seller by Buyer or its customer ("Buyer Provided Special Tooling") is and shall remain the property of Buyer or its customer. Buyer shall also have the right (at its option) to purchase at cost at any time all Special Tooling that does not qualify as Buyer Provided Special Tooling ("Other Special Tooling"), and upon Buyer electing or agreeing to purchase any Other Special Tooling, such Other Special Tooling shall become Buyer Provided Special Tooling. Buyer may condition its purchase of Other Special Tooling upon Buyer accepting, as conforming to requirements hereunder, the first run of parts made by the use thereof and until Seller has furnished to Buyer an itemized list of such Other Special Tooling and such records as may be necessary to enable Buyer to audit the cost thereof. Seller shall (i) be responsible for all losses or damages to Special Tooling while in its possession, and insure all Special Tooling against loss or destruction, in an amount equal to the full replacement cost thereof, at all times while in Seller's possession; (ii) mark and number all Special Tooling to correspond to the number of the part made by use thereof; (iii) keep all Special Tooling in good working order, and to the extent necessary repair and/or replace such Special Tooling; (iv) not modify any Special Tooling in any way without Buyer prior written consent; (v) use Special Tooling exclusively for the production of material for Buyer hereunder at no cost to Buyer; (vi) keep such Special Tooling free from security interests or other liens and encumbrances; (vii) cause all Buyer Provided Special Tooling to remain and be conspicuously identified as Buyer's property, and cause all Special Tooling to be segregated from the property of Seller and others; (viii) ensure that no Special Tooling is moved to a different location without Buyer's prior written consent (ix) cause all Special Tooling to be subject to inspection and removal by Buyer at any time and for any reason whatsoever. Seller acknowledges that its failure to return the Special Tooling and parts to Buyer on demand shall cause Buyer to sustain irreparable harm warranting immediate and injunctive relief, and further agrees that in the event of such failure, Buyer's damages would be impossible to calculate and Seller shall pay as liquidated damages (and not as a penalty) to Buyer the amount of \$50,000 per day plus all legal fees and costs associated with Buyer's enforcement of this section and recovery of tooling and parts. All taxes levied with respect to Special Tooling while in Seller's possession shall be borne by Seller. Upon completion, cancellation or termination of this purchase order, all Buyer Provided Special Tooling, together with operation sheets or process data necessary to show the use thereof, shall be held free of charge pending instructions from Buyer. In the event that Seller does not maintain and furnish Buyer with adequate records as hereinabove provided to enable Buyer to audit the cost of Other Special Tooling, Seller may purchase such Other Special Tooling for such amount as Buyer determines, in its sole judgment, to be reasonable. Seller shall bear the risk of loss of, and damage to, all Special Tooling, normal wear and tear excepted. Seller grants to Buyer a purchase money security interest in all Buyer Provided Special Tooling, any portion thereof, work in progress, raw materials, drawings and other items dedicated to constructing the Buyer Provided Special Tooling and agrees to perform any act and execute any document reasonably necessary to perfect the Buyer's security interest in the Buyer Provided Special Tooling. Buyer has the right at any time, with or without reason and without payment of any kind to retake possession of or require the return of any Buyer Provided Special Tooling, without the necessity of obtaining any court order. Upon Buyer's request, Seller will promptly deliver all Buyer Provided Special Tooling to Buyer F.O.B. the location specified by Buyer. To the maximum extent permitted by law, Seller waives any lien or other rights that Seller might otherwise have (including, without limitation, any statutory lien rights) with respect to any Special Tooling or any other property of Buyer. Seller acknowledges and agrees that (i) Buyer is not the manufacturer of the Special Tooling nor the manufacturer's agent nor a dealer therein; (ii) Buyer is bailing the Buyer Provided Special Tooling to Seller for Seller's benefit; and (iii) Seller has inspected the Special Tooling and is satisfied that the Special Tooling is suitable and fit for its purposes, and (iv) BUYER HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF THE SPECIAL TOOLING OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. Buyer will not be liable to Seller for any loss, damage, injury or expense of any kind or nature caused, directly or indirectly, by the Special Tooling, including, without limitation, its use or maintenance, or its repair, service or adjustment, or by any interruption of service or for any loss of business whatsoever or howsoever caused, including, without limitation any anticipatory damages, loss of profits or any other indirect, special or consequential damages. Seller authorizes Buyer to file a UCC-1 financing statement or similar document with the appropriate filing authority to give notice of Buyer's ownership interest in the Buyer Provided Special Tooling.

PURCHASE TERMS & CONDITIONS

15. IDENTIFICATION – Seller will, at Buyer's request (which may be made by notation on blueprints or written instructions) place on the material covered by this purchase order (or any portion thereof), at Seller's expense and in the manner and place specified by Buyer, such trademark and/or identifying mark as Buyer may specify. No trademark or other designation, other than that of Buyer, shall be placed on any material covered by this purchase order, either as an assembly or component part of any assembly, without Buyer's consent, and similar material shall not be sold or otherwise disposed of to anyone other than Buyer.

16. ASSIGNMENT OF ORDERS – This purchase order is issued to Seller in reliance upon Seller's personal performance of the duties imposed and Seller agrees not to assign, subcontract or delegate this purchase order (or any portion hereof) without the consent in writing of Buyer (which may be withheld by Buyer in its sole discretion). Any consent by Buyer to a particular assignment, subcontracting relationship or delegation shall not constitute a consent by Buyer to subsequent assignments, subcontracting relationships or delegations, or a waiver of the general prohibition on subsequent assignments, subcontracting relationships or delegations.

17. BUYER'S PROPRIETARY RIGHTS – Except as specifically provided otherwise in the Purchase Order, (a) neither Seller nor any of its employees, agents or subcontractors shall use any data, drawings, blueprints, designs, descriptions, specifications or samples, or any other documents, information, items or work product (collectively, "Work Product") furnished by Buyer or developed by either party in connection with the purchase order or the Supply Agreement, except in performing thereunder, and (b) any proprietary, intellectual property, technical or trade secret information disclosed by a party to the other under or in connection with the purchase order or the Supply Agreement, including, without limitation, patents, trademarks, copyrights, know-how and trade secrets, shall remain the exclusive property of the disclosing party, and (c) notwithstanding the foregoing, all Work Product, inventions (whether or not patentable), copyrights, know-how, data, information, intellectual property, proprietary rights and any other items (direct or indirectly), in whole or in part, resulting from, related to or otherwise made, originated, discovered, developed, reduced to practice or conceived by Seller or its affiliates or subcontractors in connection with performing under the purchase order or the Supply Agreement (collectively, "Developed IP") shall be deemed to be work made for hire and shall be the sole property of and owned by Buyer. To the extent that, by operation of law, Seller owns any intellectual property rights in the Developed IP, Seller hereby assigns to Buyer all rights, title and interest in such Developed IP. Seller shall promptly from time to time upon Buyer's request execute and deliver to Buyer any and all documents requested by Buyer conveying any such Developed IP to Buyer. Seller grants to Buyer an irrevocable, perpetual, royalty-free, fully paid-up, non-exclusive, worldwide license with the right to grant sublicenses to affiliates to use any technical information, know how, copyrights, patents and other intellectual property and proprietary rights owned or controlled by Seller or its affiliates to make, have made, use and sell any materials provided by Seller under the purchase order. Upon completion, cancellation or termination of the purchase order, Seller shall return to Buyer at Buyer's request all Work Product and Developed IP and all tangible representations thereof.

18. COMPLIANCE WITH LAWS – Seller shall in performing hereunder strictly comply with all applicable United States federal, state, and local laws, as well as foreign laws. Seller shall also strictly comply with all applicable rules, regulations (including all United States Food and Drug Administration rules and regulation), and all labeling, transporting, licensing, approval and certification requirements in the United States or any other country where the materials shall be sold or used. Without limitation to the foregoing, Seller hereby warrants and represents that it has complied and will continue to comply with all applicable laws, rules and regulations issued under the Toxic Substance Control Act, 15 USC §§ 2601 et seq., and to the extent that any of the materials delivered hereunder are to be used by Buyer or its customers in connection with manufacturing or assembly operations, including any activities incidental thereto, Seller certifies that the materials comply with all applicable rules, regulations and standards issued under the Occupational Safety & Health Act, 29 USC §§ 651 et seq. Prior to shipment, Seller will furnish all applicable Material Safety Data Sheets as well as information on the safe use and hazards associated with use of the materials. Invoices covering all material furnished hereunder must bear the following certification:

"We hereby certify that this material was produced in compliance with all applicable requirements of Chapter 8 of the Fair Labor Standards Act, as amended, including Sections 6, 7 and 12 thereof and the regulations and orders of the United States Department of Labor issued under Section 14 thereof "

19. CHANGES AND SPECIFICATIONS – Buyer shall have the right at any time to make any changes, additions or alterations in the items, quantities, destinations, specifications, drawings, designs or delivery schedules, or to direct temporary suspension of scheduled shipments, with respect to materials governed by this purchase order. The parties will undertake to negotiate an appropriate adjustment in price and terms where the Seller's direct costs are materially affected by such changes. Any request by Seller for such an adjustment in price or terms must be made within 30 days of any such change. All changes and adjustments, if any, must be in writing and signed by a duly authorized representative of Buyer.

20. MATERIAL FURNISHED BY BUYER – Seller shall pay for any property sold hereunder by Buyer to Seller within 30 days after date of delivery to Seller. Title to all such property shall remain with Buyer until payment is made therefore. Seller shall use such property only in the production of material delivered by Seller to Buyer hereunder. Buyer may, at its option, repurchase, at the price charged to Seller (with a reduction for any damage to such property), any or all property furnished by Buyer which is not used by Seller in the performance of this purchase order. Buyer shall not be liable for any loss, damage or expense resulting directly or indirectly from any delay in delivery of such property or any defect therein. Buyer's liability is limited to replacement of defective property furnished by it upon return thereof within six (6) months from the date furnished. Any such property is furnished by Buyer to Seller without any representation or warranty of any kind, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

21. GENERAL – Any waiver of any breach or default hereof shall not constitute a waiver of any other or subsequent breach or default. Any provision of this purchase order prohibited by law will be ineffective only to the extent of such prohibition without invalidating the remaining provisions hereof. No amendment of this purchase order shall be binding upon Buyer unless in writing and signed by its duly authorized representative. If this purchase order is for materials or services for Government contracts, the provisions of the attached Government Contracts Supplement shall apply, and in case of conflict between such provisions and this purchase order, such provisions shall prevail. Except as expressly provided otherwise in this purchase order, this purchase order shall be for the benefit of Buyer and Seller only and not for the benefit of any other party. All notices and demands required or permitted by this purchase order shall be in writing and deemed properly made (a) upon personal delivery to the relevant party's last known address or such other relevant address as may be specified in writing by the relevant party; or (b) upon deposit with an nationally respected common overnight carrier, postage prepaid, addressed to the relevant party's last known address or such other relevant address as may be specified in writing by the relevant party. Proof of sending any notice, demand or payment shall be the responsibility of the sender. All provisions of this purchase order shall survive the termination of this purchase order, to the extent necessary to give effect to the intended purpose of such provisions. Without limitation to the foregoing, the following provisions of this purchase order shall survive a termination: Sections 9 through 13, 16, 19, 20, 25 through 28, 31, 32 and 33. To the extent the parties have executed a supply agreement related to materials to be delivered hereunder ("Supply Agreement"), the terms and conditions of the Supply Agreement shall be deemed to be incorporated into this purchase order and the Supply Agreement shall be deemed to be a part of this purchase order. In the event of a conflict between the terms of the Supply Agreement and the terms of this purchase order, the terms of the Supply Agreement shall control. The term "Seller" shall mean the party identified as the "seller" or the "Seller" on the purchase order or in the Supply Agreement, and if not so identified, it shall mean the party selling materials to Buyer hereunder. The term "Buyer" shall mean the party identified as the "buyer" or the "Buyer" on the purchase order or in the Supply Agreement.

22. EQUAL OPPORTUNITY CLAUSE (SHORT FORM) – Unless this purchase order is exempt, the provisions of Executive Order 11246 including nondiscrimination, equal opportunity and affirmative action requirements set forth in Section 202, are hereby incorporated by reference.

23. AFFIRMATIVE ACTION CLAUSES – All provisions of 41 CFR 60-250, as amended, pertaining to Affirmative Action for Disabled Veterans and for Veterans of the Vietnam Era are hereby incorporated by reference where contract is for \$10,000 or more. All provisions of 41 CFR 60-741, as amended, pertaining to Affirmative Action for Handicapped Workers are hereby incorporated by reference where the contract is for \$2,500 or more.

24. GRATUITIES – Seller warrants that it has not offered or given and will not offer or give to any employee, agent, or representative of Buyer, or to any other person, any gratuity with a view toward securing any business from Buyer or influencing such person with respect to the terms, conditions or performance of any contract/order from Buyer. Any breach of this warranty shall be a material breach of each and every contract between Buyer and Seller.

25. NOTICE OF LABOR DISPUTES – Whenever Seller has knowledge of any actual or potential cause or event which delays or threatens to delay the timely performance of this purchase order, Seller shall immediately give Buyer written notice thereof, including all relevant information. Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of this order, Seller will immediately notify Buyer and the government representative designated by Buyer of such dispute and furnish all relevant details. In addition, Seller, at its expense, shall fabricate and locate at an independent warehouse that will not be affected by any labor disruption, a finished goods inventory of materials at the then-current design level, equal to 3 months of Buyer's requirements based on current shipment releases. If a strike or labor dispute ensues and 3 month inventory is not available to Seller, Buyer (in addition to all other available remedies under this purchase order and at law or equity) reserves the right to charge Seller the difference between the purchase order pricing and the replacement cost from an alternate source of supply. Seller will include a provision identical to the above in each subcontract hereunder and immediately upon receipt of any such notice, pass it on to the Buyer.

26. APPLICABLE LAW – This purchase order shall be governed by, subject to, and construed in accordance with the laws of the State of Maine, United States, and not by the law of any other state or by any other foreign or international law, convention or treaty, including the United Nation's Convention on Contracts for the International Sale of Goods, and regardless of any choice of law or conflict of law provision or rule of any other jurisdiction that would cause the application of the laws of any other jurisdiction. The rights of the Buyer herein are in addition to any other rights available to Buyer at law or equity. Buyer and Seller hereby consent to the exclusive jurisdiction of the Federal and state courts located in Lincoln County, Maine, United States (and of the appropriate appellate courts therefrom) in any suit, action or proceeding arising out of, or relating to, this purchase order and any related agreements, or the breach, termination, invalidity or performance thereof. The parties specifically consent and submit to the jurisdiction and venue of such state or federal court and waive any objections either may have based on improper venue or forum non conveniens to the conducting of any proceeding in any such court.

27. PRESS RELEASES AND ADVERTISING – Press releases, exhibitions or advertising of any kind naming Buyer or regarding this purchase order may not be made unless Buyer furnishes advance permission in writing.

PURCHASE TERMS & CONDITIONS

28. SETOFF — Seller hereby grants to Buyer, and to any subsidiary or affiliate of Buyer (the "Buyer Parties"), the right to charge or set off against any and all amounts which the Buyer Parties, or any of them, may now or hereafter owe to Seller or any subsidiary or affiliate thereof (the "Seller Parties"), any amounts now or hereafter owing by the Seller Parties, or any of them, to the Buyer Parties, or any of them, and any claims which Buyer Parties, or any of them, may have against Seller Parties, or any of them. The setoff rights granted herein: (i) shall be in addition to any other rights and remedies available to any of the Buyer Parties with respect to debt owed to any of the Buyer Parties from time to time by any of the Seller Parties; and (ii) may be exercised by the Buyer Parties at any time, or from time to time, without prior notice to the Seller or any of the Seller Parties.

29. CONFIDENTIALITY — Seller agrees not to disclose to third parties any information regarding Buyer or its business or its customers, including, without limitation, the existence and terms of this purchase order, any Work Product or Developed IP or any other confidential information of Buyer (collectively, "Confidential Information"), and Seller shall not use any such Confidential Information itself for any purpose other than performing under this purchase order, without Buyer's written prior approval.

30. INSURANCE — Seller shall maintain insurance in amounts and with insurance companies acceptable to Buyer, naming Buyer as an additional insured, and covering general liability, public liability, product liability, product recall, completed operations, contractor's liability, automobile liability insurance, Worker's Compensation, and employer's liability insurance as will adequately protect Buyer against such damages, liabilities, claims, losses, cost and expenses (including attorney's fees). Seller agrees to submit certificates of insurance, evidencing its insurance coverage when requested by Buyer.

31. RIGHTS, REMEDIES AND CONSTRUCTION — Buyer's rights and remedies under this purchase order shall be cumulative and in addition to any other rights or remedies provided by law or equity. Any attempt on the part of Seller or any other party to limit Buyer's remedies or the amount and types of damages it may seek shall be null and void. The failure of the Buyer to insist upon the performance of any term or condition of this purchase order, or to exercise any right hereunder, shall not be construed as a waiver of the future performance of any such term or condition or the exercise in the future of any such right.

32. LIMITATION ON PURCHASER'S LIABILITY — In no event shall Buyer be liable to Seller for anticipated profits or for incidental or consequential damages. Buyer's liability for a claim of any kind for any loss or damage arising out of or in connection with or resulting from this Purchase Order, or from any performance or breach, shall in no case exceed the price allocable to the materials, which directly gives rise to the claim.

33. TAXES — Unless prohibited by law, the Seller shall pay all federal, state, local or foreign tax, transportation tax, or other tax, including but not limited to customs duties and tariffs, which is required by or imposed upon any materials ordered hereunder, or by reason of their sale or delivery. All order prices shall be deemed to have included all such taxes.

34. CUSTOMER REQUIREMENTS; SERVICE PARTS — To the extent that this purchase order or any other order covers materials which are parts, components, items, tooling and/or services being supplied to or for the benefit of any customer of Buyer, Seller acknowledges and agrees that such materials must be in compliance with all of the applicable requirements, specifications, standards, pricing requirements (even if such pricing differs from the purchase order or order price), audit standards, and terms and conditions for such materials which are set forth in the customer's purchase documents. Seller shall provide service parts to Buyer and/or its customer(s) for any materials furnished under any purchase order based upon the customer's service requirements.

35. RIGHT OF ENTRY — Buyer shall have the right to enter Seller's facility during normal business hours or, in the event of a Seller shutdown, at reasonable times, to inspect the facility, goods, materials and any property of Buyer covered by this purchase order and, without the necessity of a court order, may enter upon Seller's property and remove property belonging to Buyer or any customer of Buyer, including, without limitation, Buyer Provided Special Tooling and other goods, inventory or Seller's property that has been or is agreed to be sold to Buyer under this purchase order.

36. COUNTERFEIT PARTS PREVENTION — Suppliers to Masters Machine Company shall ensure that only new and authentic materials are used in the manufacture of components supplied to Masters Machine Company. The Supplier represents and warrants that only new and authentic materials are used in processes, products and services required to be delivered to Buyer and that the work delivered contains no Counterfeit Parts.

37. SUPPLIER AWARENESS — The items and/or services being procured under the terms of this purchase order may be used in the production of aerospace and defense articles. Adherence to all purchase order requirements (e.g. drawing specifications, work instructions, Statement Of Work, etc.) is critical to assuring the reliability and safety of the end product. The Supplier organization is responsible for ensuring that its persons are aware of their contribution to product or service conformity, to product safety and the importance of ethical behavior. We expect all MMC suppliers to conduct business in compliance with all applicable laws and regulations, as well as maintain a high level of business ethics.