

**SELLER'S
TERMS AND CONDITIONS OF SALE
(U.S. Customers)
September 2010**

1. ACCEPTANCE

Except as otherwise agreed to in writing by the purchasing party which places the Order as hereinafter defined ("Buyer") and Seller (and its affiliates under the control of a common parent), the following sets forth all of the terms of the purchase and sale of Products, as hereinafter defined, between Seller and Buyer and supersedes all prior agreements, offers, representations and negotiations between them to the extent that they conflict or are in addition to the terms contained herein, this being intended as a final expression and complete and exclusive statement of the terms of the sale. Acceptance by Seller of Buyer's purchase order ("Order") is expressly made conditional on Buyer's assent to these terms and conditions. Acceptance by Buyer of the products described on Seller's acknowledgment or, if no acknowledgment is sent by Seller, delivered to Buyer ("Products") shall constitute acceptance of the terms hereof. These terms and conditions may not be varied except by a written agreement with legal consideration subsequently signed by an Officer of Seller.

2. WARRANTY

Seller warrants for a period of twelve (12) months from the date of original shipment that the Products will be free from defects in material and workmanship and will be in conformity with applicable specifications and drawings (the "Specifications"); provided, however, that this warranty shall not apply to any Product (i) which shall have been abused or misused physically or electrically, (ii) on which the trademark shall have been defaced or obliterated or (iii) which has been reworked or repaired by any party other than the Seller without Seller's prior written authorization. Buyer shall request written return material authorization within the warranty period prior to the return of any nonconforming Products. If a Product is found not in conformance with this warranty, it will be covered by this warranty only if written authorization is requested within a period of twelve (12) months from the date of original shipment by Seller and the Product is received by Seller within this twelve (12) month warranty period or within thirty (30) days of such written authorization. Authorization for return must be secured from Seller and will not commit Seller to the making of any repair or replacement hereunder. Requests for return authorization should list types and quantities of Products involved, the reason for the request, information concerning operating conditions involved, and the period of use. In addition, the Order number and, where possible, the original invoice number covering the original purchase of the Products involved must be shown. Returned Products must be shipped, transportation prepaid, by the most practical method of shipment. Shipping costs will be credited to the Buyer for all Products found to be subject to warranty adjustment. Excessive transportation costs will not be allowed. Seller can accept no billing for packing, inspection, labor charges or other incidental costs in connection with any Products returned. Unless otherwise requested by Buyer, returned Products found not subject to this warranty will be sent back to Buyer, transportation collect. In all cases, Seller's determination will be final. With respect to Products found not in conformity with this warranty, the remedy will take the form, at

Seller's option, of a replacement or repair of the defective or nonconforming Product. In the event that it is uneconomical to replace or repair warranted Products, Seller may, at its sole option, remit the dollar equivalent based upon the original Product sales price and said remittance will be calculated by applying the pro rata percentage of the unexpired warranty to the original Product sales price. **THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) AND SHALL BE EXPRESSLY FOR THE BENEFIT OF THE BUYER WITH NO TRANSFER RIGHTS OR BENEFIT TO ANY THIRD PARTY. IN NO EVENT WILL SELLER BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING FROM BREACH OF THIS WARRANTY, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITIES OF SUCH DAMAGES. THE FOREGOING CONSTITUTES BUYER'S SOLE REMEDY AND SELLER'S SOLE LIABILITY FOR BREACH OF WARRANTY.** In the event of replacement pursuant to the foregoing warranty, such warranty shall apply to the replaced product. In the event of repair pursuant to the foregoing warranty, the validity of the foregoing warranty will be twelve (12) months from the date of shipment of the repaired Product less the period of time between the date of original shipment and the date on which Seller received return of the Product for repair.

3. DELIVERY

- (a) Unless otherwise explicitly agreed upon in writing, Seller's shipment terms are Ex Works per Incoterms 2000, at which time passage of title shall also occur.
- (b) Seller shall not be liable by reason of any delays in performance caused by war, fire, strikes, floods, accidents, Government priorities or regulations, delays in transportation, shortages of materials and/or supplies or any other causes beyond its reasonable control. If shipment of any Product is delayed at Buyer's request, Seller may invoice Buyer for such Product and risk of loss of such Product will pass to Buyer on the date that Seller is prepared to make shipment to Buyer.
- (c) Rescheduling of shipments shall be by mutual agreement. Notwithstanding the foregoing, the Seller's extensive line of products requires close coordination of the Buyer's requirements with the Seller's production schedules to avoid possible delays in shipment. Accordingly, the Seller reserves the right to ship in advance of the Seller acknowledged schedule date unless the Buyer is established as a "Just in Time" (JIT) account. Unless otherwise stated on the face hereof, Seller may ship all the goods furnished hereunder at one time, or in separate parts or lots from time to time within the shipping period herein provided. Claims that the Seller did not ship the total quantity of goods shown on the face hereof will be researched and reconciled with all due diligence.

4. PAYMENT

- (a) Payment shall be due and payable thirty (30) days from date of invoice. No discounts are allowed. Payment shall not be withheld on account of any claim

by Buyer against Seller. Seller reserves the right, among other remedies, either to cancel the Order or suspend deliveries in the event Buyer fails to pay for any invoice or shipment when payment becomes due.

- (b) Any tax, duty, custom, or other fee of any nature imposed upon this transaction by any federal, state or local government authority shall be paid by the Buyer, in addition to the price quoted or invoiced. In the event Seller is required to prepay any such tax, duty, custom or other fee, Buyer will reimburse Seller therefor.
- (c) Unless specifically otherwise agreed in writing by Buyer and Seller, all payments are to be made in United States Dollars (USD\$). If made by check, the check must be drawn on a U.S. Bank. All banking charges, if any, are to be prepaid by the Buyer.

5. CANCELLATION

- (a) In the event that either party defaults in any of the terms, conditions, obligations, undertakings, covenants, or liabilities set forth herein, the other party shall give the defaulting party written notice of such default. If the defaulting party does not remedy such default within sixty (60) days following receipt of written notice thereof, the party giving notice may cancel the Order by providing the defaulting party with a written notice of cancellation. In addition, either party may cancel the Order by providing written notice to the other party in the event the other party becomes insolvent, unable to meet its debts as they become due, files a petition for bankruptcy under any chapter of the U.S. bankruptcy laws, enters into any arrangement or composition with creditors, or goes or is put into liquidation. Cancellation of the Order shall not relieve either party from its obligations hereunder which shall have accrued prior to such cancellation. Cancellation by Buyer of the Order pursuant to this article shall be Buyer's sole and exclusive remedy for any breach by Seller.
- (b) Orders accepted by Seller can only be canceled for Buyer's convenience by providing written notice at least thirty (30) days prior to the acknowledged ship date. In the event an Order is canceled for Buyer's convenience, Buyer will be liable for the sales price of all finished goods, plus the total cost of all work in process, all raw materials purchased for the Product, including long lead time and/or bulk material, a reasonable profit and any other commitment made by, or cost incurred by, the Seller for the specific purpose of complying with the Order. In no event will Buyer's liability under this section exceed the total value of the canceled portion of the Order.

6. GOVERNING LAWS AND EXPORT CONTROL

- (a) Sale of the Product(s) shall be governed by and construed in accordance with the laws of the state of the Seller where the Products are manufactured unless otherwise agreed by the Seller. A waiver by Seller of any of these terms and conditions shall not be deemed to be a continuing waiver but shall apply solely to the instance to which the waiver is directed. No action shall be brought for any breach by the Seller more than one (1) year after the occurrence of the cause of action therefor.

- (b) Buyer shall be bound by the same U.S. Government Export Controls to third party countries as are imposed upon Seller. The Order is subject to any applicable export approval as may be required by the U.S. Government.

7. FORCE MAJEURE

In the event of strikes, natural disasters, war, civil unrest, other events outside the control of the Seller, as well as other force majeure cases commonly recognized under applicable law ("Force Majeure"), the Seller shall be released from performing his contractual duties under this Order to the extent that such Force Majeure is partially or wholly preventing the Seller from performing his contractual duties as performed prior to the Force Majeure incident or as performed in the normal course of business. In such an event, the Seller shall inform the Buyer about the nature of the Force Majeure incident and the expected duration of the incident. In no event shall the Seller be responsible or liable for any claim in connection with the non-performance or late performance of his contractual duties for the duration of a Force Majeure event.

8. TAXES AND IMPORT DUTIES

- (a) Buyer agrees to furnish Seller with an exempt purchase or resale certificate or, in the absence of same, assume all liabilities for all Federal, state and local taxes and duties, other than taxes based upon Seller's net income.
- (b) Except as expressly agreed to in writing by Seller, any and all customs, duties, taxes or other fees in any form which may be charged or assessed with respect to the importation into any foreign country of any Product, documentation or information furnished or sold shall be for the account of and paid for by the Buyer.

9. PATENT INDEMNIFICATION

- (a) Except for any Products manufactured by Seller to Buyer's design, Seller warrants that the Products, when used by Buyer in the form, state and condition as delivered by Seller, shall be free of the rightful claim of any third person by way of infringement of any patent. Seller shall defend at Seller's expense every suit or claim for infringement brought against Buyer or Buyer's Buyers, and shall indemnify and hold harmless Buyer and its Buyers against all resulting judgments or settlements of such suit or claim, so long as timely notice of such suit or claim and sole control of the defense, and settlement of the same, is given to Seller. Buyer shall furnish to Seller all information and assistance in connection with such suit or claim which may be reasonably requested by Seller.
- (b) In case such Product is held to constitute an infringement and the Product is enjoined, Seller shall, at its option, either procure for Buyer the right to continue using the Product or replace same with non-infringing Product, or modify the Product so that it becomes non-infringing, or grant Buyer a credit for the purchase price of such Product. Seller shall not be liable to Buyer if any patent infringement or claim thereof is based upon the use of the Product in combination with any materials where such infringement or claim thereof would

not have occurred but for such combination. The foregoing states Seller's entire liability and Buyer's sole and exclusive remedy for patent infringement and is in lieu of all other express and implied warranties thereto.

- (c) **IN NO EVENT WILL SELLER BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING FROM BREACH OF THIS WARRANTY, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

10. DATA AND INTELLECTUAL PROPERTY RIGHTS

- (a) Any technical data or information which Seller discloses to Buyer is and shall remain proprietary to Seller and shall be protected by Buyer in the same manner as Buyer protects its own confidential information but with no less than a reasonable degree of care. Buyer agrees not to disclose any such data to any third party, including its affiliates, nor to use it for any purpose other than as intended by Seller.
- (b) Nothing shall be deemed to transfer to either party any right or license of any kind in any of the other party's intellectual property.
- (c) Unless otherwise expressly set forth in writing by Seller, non-recurring engineering charges and all charges of a similar nature which may be billed to Buyer for work performed by Seller in connection with the sale of Products from Seller to Buyer (including but not limited to tooling charges, partial preparation charges, drawing or design charges, set-up or fit-up charges, and the like) represent only part of the cost thereof incurred by Seller. Buyer does not acquire any right, title or interest in, or license (either express or implied) to, any drawings, designs, inventions or intellectual property, or any tooling or other tangible property, by virtue of any such charges.

11. TEST DATA

Unless specifically noted hereon, qualification tests and any test data are not included in the selling price. Qualification tests may be performed by the Seller and test data supplied at the specific request and expense of the Buyer.

12. FAIR LABOR STANDARDS ACT OF 1938

The Seller represents that with respect to the production of the articles and/or the performance of the services stated herein, it has fully complied with all of the applicable provisions of the Fair Labor Standards Act of 1938, as amended, including sections 6, 7, and 12, regulations under section 14, and all other applicable Administrative regulations.

13. EXECUTIVE ORDER 11246

In connection with performance of work hereunder, the Seller agrees to comply with all provisions, including specifically paragraphs (1) through (7), Sec. 202 of Executive Order No. 11246 of September 24, 1965, as amended, and rules, regulations and order pertaining thereto.

14. LIMITATION OF LIABILITY

The aggregate cumulative total liability for which Seller is obligated to pay Buyer hereunder, whether for breach of warranty or contract, indemnifications herein, tort (including negligence), or otherwise, shall not exceed the payments made to Seller in connection with those Products purchased under the Order which gave rise to such liability. In no event shall Seller have any liability for any indirect, special, consequential, incidental or punitive damages arising out of or in connection with the Order, even if Seller has been advised of the possibilities of such damages.

15. ASSIGNMENT

This Order in connection hereto, shall not be assigned by either party without the written consent of the other party, which shall not be unreasonably withheld or delayed. Notwithstanding the above, Seller may assign this Order, without consent, in whole or in part, to (a) any affiliate or subsidiary or (b) a third party in the event of merger, recapitalization, conversion, consolidation, other business combination or sale of all or substantially all of the assets of Seller connected with this Order to such third party.

16. GOVERNMENT CONTRACTS

In the event that the supplies or services being acquired hereunder are for ultimate sale to the United States Government, unless otherwise stated, the Product(s) or services being purchased are "commercial items" (48 C.F.R. §52.202-1) under the Federal Acquisition Regulation ("FAR"). Accordingly, the following clauses shall apply:

Equal Opportunity (E. O. 11246) 48 C. F. R. §52.222-26; Affirmative Action for Special Disabled and Vietnam Era Veterans (38 U. S. C. 2012(a)) 48 C. F. R. §52.222.35; and Affirmative Action for Handicapped Workers (29 U. S. C. §793) 48 C. F. R. §52.222-36.

If the Product(s) or services are not a commercial item, the following FAR and Defense Federal Acquisition Regulation Supplement ("DFARS") clauses set forth in Attachment A are incorporated by reference, but only to the extent that Buyer's contract with its Buyer includes such clauses, and only if the flow-down of such clauses to Buyer's vendors is required by law.

Except as otherwise noted, where the terms "Contracting Officer" and "Contractor" appear in the text of the clauses, such terms shall mean the "Buyer" and "Seller" respectively. References in the clauses the "Government" shall remain as stated. All references in such clauses to "Contract" shall mean the terms of "this Sales Order Acknowledgment" form. Under no circumstances, however, will Buyer have access to confidential or proprietary information of the Seller.

Attachment A

<u>Notes</u>	<u>FAR Clause</u>	<u>Title</u>	<u>Applicability</u>
	52.203-6	Restriction on Subcontractor Sale to the Government	If over \$100,000
	52.203-7	Anti-Kickback Procedures	If over \$100,000
	52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions	If over \$100,000
	52.203-12	Limitation on Payments to Influence Federal Transactions	If over \$100,000
	52.204-2	Security Requirements	If access to classified information is required
	52.211-15	Defense Priority and Allocation Requirements	If a rated Order
	52.214-26	Audit and Records - Sealed Bidding	If over \$500,000
	52.214-28	Subcontractor Cost or Pricing Data-Modifications - Sealed Bidding	If over \$500,000
(1)	52.215-2	Audit and Records - Negotiation	As set forth in clause
(2)	52.215-10	Price Reduction for Defective Cost or Pricing Data	As set forth in clause
(3)	52.215-11	Price Reduction for Defective Cost or Pricing Data - Modifications	As set forth in clause
	52.215-12	Subcontractor Cost or Pricing Data	If above \$500,000
	52.215-13	Subcontractor Cost or Pricing Data - Modifications	If above \$500,000
	52.215-14	Integrity of Unit Prices	As set forth in clause
	52.215-15	Termination of Defined Benefit Pension Plans	If over \$500,000
	52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits Other Than Pensions (PRB)	If over \$500,000
	52.215-19	Notification of Ownership Changes	If over \$500,000
	52.222-4	Contract Work Hours and Safety Standards Act-Overtime Compensation	If over \$100,000
	52.222-26	Equal Opportunity	If over \$10,000

	52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans	If over \$10,000
	52.222-36	Affirmative Action for Handicapped Workers	If over \$2,500
	52.222-37	Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era	If over \$10,000
	52.223-2	Clean Air and Water	If over \$100,000
	52.225-11	Restriction on Certain Foreign Purchases	As set forth in clause
	52.225.10	Duty Free Entry	
	52.227-1	Authorization and Consent	
	52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement	If over \$100,000
	52.227-11	Patent Rights-Short Form	
	52.227-12	Patent Rights-Long Form	
	52.227-13	Patent Rights-Acquisition by the Government	
	52.230-2	Cost Accounting Standards	As set forth in clause
	52.230-3	Disclosure and Consistency of Cost Accounting Standards	As set forth in clause
	52.230-6	Administration of Cost Accounting Standards	As set forth in clause
	52.243-1	Changes - Fixed Price	
(4)	52.245-2	Government Property (Fixed-Price Contracts)	
	52.245-17	Special Tooling	As set forth in clause
	52.245-18	Special Test Equipment	As set forth in clause
	52.246-23	Limitation of Liability	
	52.246-24	Limitation of Liability-High Value Items	As set forth in clause
	52.247-63	Preference for U.S. Flag Air Carriers	
	52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels	

(5)	52.249-2	Termination for Convenience of the Government (Fixed Price)	
(6)	52.249-8	Default	
	252.203-7001	Special Prohibition on Employment	First tier subcontracts
	252.211-7000	Acquisition Streamlining	
	252.225-7009	Duty-Free Entry-Qualifying Country End Products and Supplies	
	252.225-7014	Preference for Domestic Specialty Metals, Alternate I	
	252.225-7026	Reporting of Contract Performance Outside Of the United States	
(7)	252.227-7013	Rights in Technical Data - Noncommercial Items	
(7)	252.227-7015	Technical Data - Commercial Items	
	252.227-7016	Rights in Bid or Proposal Information	
	252.235-7003	Frequency Authorization	
	252.247-7023	Transportation of Supplies by Sea	

NOTES

- (1) The words "Contracting Officer or Representatives of the Contracting Officer" shall mean only bona fide employees of the U.S. Government and expressly excludes Buyer or Buyer's non-government representatives.
- (2) In Subparagraph (a) item (3), delete the word "accordingly" and substitute the words, "...by an amount not to exceed the amount of the defect at Seller's price level".
- (3) In Subparagraph (b) item (3), delete the word "accordingly" and substitute the words, "...by an amount not to exceed the amount of the defect at Seller's price level".
- (4) A separate maintenance agreement shall be entered into between Buyer and Seller for other than routine maintenance requirements.
- (5) Buyer shall terminate the Order only in the event Buyer's Order is terminated by its Buyer.

The words "Contracting Officer" shall not mean "Buyer".
- (6) In paragraph (b) after the word "services" add the following:

"Reprocurement costs shall be applicable only to that portion of the Order terminated in whole or part for default. Said costs will not exceed 3% of the original sales value of that portion terminated for default and will be remitted upon proper justification of the aforementioned costs by the Buyer to Seller. This clause sets forth the Buyer's sole and exclusive remedy and Seller's sole liability in the event the Order with Seller is terminated for default."
- (7) Except as otherwise expressly agreed to in writing by Seller, all data pertaining to manufacturing inspections and/or testing, methods, processes or techniques and/or computer software or other data developed by Seller, which is deemed proprietary and utilized under the Order, shall remain the sole property of Seller and Buyer further waives any claim to such data or intellectual property.