



PURCHASING TERMS AND CONDITIONS

AAA Sales & Engineering, Inc.

1. **MODIFICATIONS** - No changes or modifications in this order shall be made except upon Buyer's written authority.
2. **PACKING AND CARTAGE** - No charge for packing or cartage will be allowed except as stated herein.
3. **SHIPMENT** - If the goods are not shipped in accordance with Buyer's direction and the instructions set out in this order, Seller shall pay to Buyer any excess cost occasioned it thereby.
4. **PAYMENT AND DISCOUNTS** - Unless otherwise agreed or otherwise stated on the face of the purchase order, net invoices shall be paid within 30 days after the date of receipt of invoice or 30 days after the date of delivery of the goods, whichever is later, and cash discounts shall be computed from the date of receipt of the invoice or the date of delivery of the goods, whichever is later.
5. **PATENTS** - a) Seller shall hold and save Buyer and its affiliated corporations and their customers, harmless from loss and/or liability of any nature or kind arising out, or existing because, of the infringement or alleged infringement of any patent for or on account of the manufacture, sale or use of any goods furnished hereunder, except in the case where compliance by Seller with specifications prescribed by and originating with Buyer constitutes the sole basis of the infringement or alleged infringement. Buyer shall notify Seller in writing of any suite filed against it or its affiliated corporations, or their customers, on account of any such infringement or alleged infringement and at Seller's request shall give Seller control of the defense of such suit, insofar as Buyer has the authority to do so, and information and assistance for the same, all at Seller's expense. Buyer and the party against whom suit brought may be represented by their own counsel in any such suit.
b) Buyer shall defend, at its expense, any suit brought against Seller for the infringement or alleged infringement of any patent for or on account of the manufacture of sale of any goods furnished hereunder, and shall pay all damages and costs awarded therein against Seller, in any case where compliance by Seller with specifications prescribed by and originating with Buyer constitutes the sole basis of the infringement if notified in writing and given authority, information and assistance, at Buyer's expense, for the defense of same.
6. **EXCESS GOODS** - Except for customary quantity variations recognized by trade practice goods in excess of those specified will not be accepted, and such goods will be held at Seller's risk. Buyer may, and at Seller's direction shall, return such goods at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.
7. **FABRICATION AND MATERIAL COMMITMENTS** - Unless otherwise authorized in writing by Buyer, Seller shall not make commitments for materials nor fabricate in advance of time necessary to permit shipment on delivery dates.
8. **TERMINATION** - Buyer may terminate this order for its convenience, in whole or in part, by written or telegraphic notice at any time. If this order is terminated for convenience, any claim of Seller shall be settled on the basis of reasonable costs it has incurred in the performance of this order.
9. **DELAYS** - If Seller shall fail or refuse to proceed with this order, or if Seller shall fail to make delivery, or Buyer to accept delivery, according to the delivery schedule, the other party may cancel the then remaining balance of this order unless the delay is an excusable delay as hereinafter defined. An excusable delay shall not constitute a default hereunder. The term "excusable delay" as used in this paragraph means any delay in making or accepting deliveries which results without fault or negligence on the part of the party involved and which is due to causes beyond its control including, without being limited to, acts of God or the public enemy, any preference, priority or allocation order issued by the Government or any other act of the Government, acts of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather and delays of a supplier due to such causes. Each party shall promptly notify the other of any such delay and the cause thereof.
10. **QUALITY** - Seller expressly warrants that all the articles, material and work covered by this order, including any special tools, dies, jigs, patterns, machinery and equipment obtained at Buyer's expense by Seller for the performance of this order which are to be the property of Buyer, will conform to the specifications, drawings, samples or other description furnished or adopted by the Buyer, and will be of good material and workmanship, and free from defects, and if the articles are not ordered to Buyer's specifications, Seller further warrants that they will be merchantable and fit and sufficient for the purposes intended. Suppliers are required to submit one sample of any new process with results documented on form QF001 or equivalent. Complete Material and or Special Process Certifications are required for the first sample. Once approved, the supplier is to retain future inspection records verifying acceptance for a period of 3 years.
11. **VERIFICATION AT SELLERS PREMISES** - Inspection and test of the articles by Buyer may at Buyer's option be made at Seller's plant and /or the point of destination. At the Buyer's option the Buyer and/or the Buyers customer may make surveillance of the Seller's inspection, quality and reliability procedures as well as the data supporting same at the Suppliers premises, as per the requirements of ANSI/ASQC Q9002-1994, paragraph 4.6.4.1 and 4.6.4.2. Acceptance of the goods by Buyer shall not relieve Seller from any of its obligations and warrants hereunder. In no event shall payment be deemed to constitute acceptance.

- 12. MANUFACTURING CHANGES** The Seller shall give the Buyer advance notice in writing of all specification, design, part number and other identification changes, as well as major changes in process procedure or changes in the location of the manufacturing plant, made by the Seller applying to goods covered by this purchase order.
- 13. DEFECTIVE GOODS** If any of the goods fail to meet the warranties contained in Paragraph 10, Seller, upon notice thereof from Buyer, shall promptly correct or replace the same at Seller expense. If Seller shall fail to do so, Buyer may cancel this order as to all such goods, and in addition, may cancel the then remaining balance of this order. After notice to Seller, all such goods will be held at Seller's risk. Buyer may, and at Seller's direction shall, return such goods to Seller at Seller's risk, and all transportation charges both to and from the original destination, shall be paid by Seller. Any payment for such goods shall be refunded by Seller unless Seller promptly corrects or replaces the same at its expense.
- 14. CONSIGNMENT** - Machinery, equipment, tools, jigs, dies, patterns, drawings, specifications and samples furnished to Seller by Buyer on other than a charge basis shall be held by Seller as upon consignment, and upon the completion of this order shall be returned by Seller or otherwise satisfactorily accounted for. Unless otherwise agreed, Seller, at its expense, shall insure all such items for the reasonable value thereof against loss of damage of any kind.
- 15. APPLICABLE LAWS** - Seller, in the performance of this order, shall comply with the provision of the Fair Labor Standards Act of 1938, as amended, and all other applicable Federal, state and local laws, regulations, rules and ordinances, and agrees, upon request, to furnish Buyer a certificate to such effect in such form as Buyer may from time to time require.
- 16. PACKAGING AND LABELING LAWS** - Seller shall package and label the goods and their containers in accordance with all applicable local, state, and federal packaging and labeling laws in effect in the place to which the goods are shipped or as specified otherwise by Buyer. In the absence of laws regulating the labeling of hazardous substances, Seller shall label such substances or their containers in accordance with Warning Labels, Manual L-1, published by the Manufacturing Chemists Association, Washington, D.C.
- 17. SPECIAL TOOLS** - Unless otherwise stated, all special tools, dies, jigs, patterns, machinery and equipment needed by Seller for the performance of this order shall be obtained by Seller at its own expense and shall be the property of Seller.
- 18. ASSIGNMENT** - Neither party shall assign or transfer this order or any interest therein or monies payable thereunder without the written consent of the other party, and any assignment made without such consent shall be null and void, except that Buyer may assign this order and its interest therein to any affiliated corporation, or to any corporation succeeding to Buyer's business without the consent of Seller.
- 19. TAXES** - Unless otherwise stated, the prices do not include sales, use, excise, and similar taxes applicable to the goods furnished hereunder or the materials used in the manufacture thereof. All such taxes and charges shall be shown separately on Seller's invoices.
- 20. REMEDIES** - No remedy herein provided shall be deemed exclusive of any other remedy allowed by law.
- 21. CONFIDENTIAL** - Any technical data, blueprints, specifications, etc. furnished to Seller by Buyer shall be treated as confidential, and not disclosed to third parties.