

STANEK TOOL CORPORATION
TERMS AND CONDITIONS OF PURCHASE

- 1. ACCEPTANCE OF TERMS AND CONDITIONS WITHOUT CHANGES.** This Purchase Order (the "Order"), including the terms and conditions contained herein, is the complete and final agreement between Stanek Tool Corporation ("Stanek") and the supplier ("Seller") of the goods and/or services identified on the Order (collectively, the "Products"). Acceptance by Seller of this Order is required on the attached acknowledgment copy, which must be signed and returned within two weeks of the Order date. However, any conduct by Seller recognizing the existence of an agreement (including without limitation shipment) shall also be deemed an acceptance without exception to the terms of this Order. Additional or different terms already or hereafter proposed by Seller, whether in a quotation, acknowledgment, invoice or otherwise, are rejected and shall not apply. No change to this Order shall be binding unless agreed to in a writing signed by Stanek.
- 2. CHANGES.** Stanek may at any time make changes in drawings, designs, specifications, materials, packaging, time and place of delivery, method of transportation or other terms of this Order, which changes shall be immediately implemented by Seller. If any such change causes an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made by Stanek and this Order shall be accordingly modified in writing. Seller agrees to accept any and all such changes, subject to this section.
- 3. TERMINATION FOR CONVENIENCE OF STANEK.** Stanek may at any time terminate this Order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work and shall immediately cause its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge reflecting the percentage of the work performed prior to termination notice, plus actual direct costs resulting from termination. Seller shall not be paid for any work performed after receipt of the termination notice, except to the extent necessary to effect termination, or for any costs incurred which reasonably could have been avoided. Any claims under this section must be asserted in writing in detail within thirty (30) days of receipt of Stanek's termination notice.
- 4. TERMINATION FOR CAUSE.** Stanek may cancel this Order without penalty: (a) if Seller fails to comply with the specifications, terms or conditions of this Order; (b) if delivery is delayed beyond the requested delivery date, if any; (c) if a petition in bankruptcy is filed by or against Seller, or Seller is declared insolvent or has a receiver or trustee appointed for it or its assets, or if Seller makes an assignment for the benefit of creditors or commences proceedings under any state insolvency or similar law; or (d) if Stanek encounters any labor disputes, governmental orders or actions, unavailability of transportation, fires, floods, breakdowns of essential machinery, accidents or other cause beyond its control which affects its ability to receive and use the Products ordered.
- 5. DELIVERY. TIME IS OF THE ESSENCE** with respect to Seller's obligations hereunder; if delivery of items or rendering of services is not completed by the specified delivery date, Stanek reserves the right, in addition to its other rights, to return Products or terminate all or part of this Order and charge Seller with all costs, expenses and damages associated with such return or termination. Seller shall strictly comply with delivery instructions contained on the front of this Order; if none are stated, Products shall be delivered FOB destination to a location designated by Stanek. Stanek may delay delivery and/or acceptance for causes arising beyond its control.
- 6. INSPECTION AND ACCEPTANCE.** All Products are subject to Stanek's inspection. Stanek shall have a reasonable time to inspect the Products after arrival at their destination. Upon notice, Stanek may make inspection visit(s) at the site where the Products are being designed or manufactured, or services being performed. If Stanek determines that part of the Products are not in accordance with Stanek's specifications, Stanek has the right to reject any such Products and is permitted to cancel any unshipped portion of this Order. Products rejected or those which are supplied in excess of quantities called for herein may be returned to Seller at Seller's expense. Payment for the Products prior to inspection shall not constitute acceptance thereof, and shall be made without prejudice to any and all claims that Stanek may have against Seller. In the event the Products must be installed, tested, inspected or assembled prior to commercial use, they shall not be deemed finally accepted until such installation, testing, inspection or assembly, as the case may be, indicates that the Products are in accordance with specifications and are operating properly.
- 7. PACKAGING AND SHIPPING.** All packages shall be clearly marked with an appropriate description of the Products, the purchase order number for such Products, the part number(s) and quantity of items contained within each package. No additional charges of any kind, including charges for boxing, packaging, cartage or other extras shall be added unless specified on the face of this Order.
- 8. MATERIALS FURNISHED.** If Stanek furnishes any material for fabrication hereunder, Seller agrees not to substitute any other material in such fabrication without Stanek's written consent, and agrees that title to such material shall not be affected by incorporation in or attachment to any other property. Seller agrees that it will use any designs, tools, patterns, drawings, information and equipment furnished by Stanek only in the performance of this contract, unless Stanek's prior written consent is obtained. Seller agrees that no inaccuracy in tools or fixtures which Stanek furnishes shall excuse performance not in strict accordance with specifications. The contract price includes the cost of tooling (including gauges, jigs, fixtures, dies, molds, tools, patterns and the like) that may be created or acquired by Seller for use in the manufacture, fabrication or assembly of the Products called for herein and, unless otherwise specified, title to such tooling shall pass to Stanek upon its creation or acquisition and will remain in Stanek. Seller shall deliver up such tooling to Stanek on demand.
- 9. TAXES.** Unless otherwise specified on the face of this Order, the prices herein include all applicable federal, state and local taxes, customs, duties and fees of every kind and nature, including, without limitation, sales and use taxes.
- 10. INDEMNIFICATION.** Seller shall defend, indemnify and hold harmless Stanek against all damages, claims, costs and expenses (including attorneys' fees) arising out of or resulting from any act or omission of Seller, its agents, employees or subcontractors or which otherwise arises as a result of Seller's performance of this Order including, without limitation, all liabilities to Stanek's employees, agents and subcontractors.
- 11. COMPLIANCE WITH LAW.** Seller warrants that all Products shipped hereunder have been produced and all services performed are in compliance with all applicable local, state (or province) federal and foreign laws, rules, regulations, standards and codes including (where appropriate), but not limited to, the Fair Labor Standards Act, environmental protection laws and occupational health and safety laws.

- 12. WARRANTIES.** Seller warrants that all Products delivered and services performed shall (a) be new and of first quality; (b) be merchantable and free from defects in materials and workmanship; (c) conform to specifications, descriptions and other conditions specified by Stanek; (d) be performed by competent and qualified personnel in a proper and workmanlike manner; (e) be free from liens and encumbrances with good title conveyed upon payment of the purchase price; (f) be fit and safe for their intended purpose, if Seller is or should be aware of the use to which such Products or services will be put; and (g) be approved by qualified licensed professionals in the event professional design work is involved. Seller also warrants that it shall obtain and assign or otherwise provide to Stanek the benefits of warranties and guarantees provided by manufacturers or suppliers of material or equipment incorporated into the Products or services, and shall perform its responsibilities so that such warranties or guarantees remain in full effect.

Seller agrees to promptly replace or otherwise correct, without expense to Stanek, any of the Products or services which do not conform to the foregoing warranties. In the event that Seller fails to promptly make such replacement or correction, Stanek may cause such replacement or correction to be made and charge Seller for all expenses associated therewith. The foregoing warranties and remedies shall be in addition to any warranties or remedies provided by law and shall survive inspection, test, acceptance and payment.

- 13. WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS; INDEMNIFICATION.** Seller warrants that neither the sale nor use of the Products furnished pursuant to this Order (except to the extent the Products are produced in accordance with a design or specifications provided by Stanek) will infringe upon any U.S. or foreign letters patent, copyright, trademark, or any other intellectual property right (collectively, "Property Rights"). Seller will defend every claim, demand or suit against Stanek or anyone selling or using any such Products which alleges that they infringe any such Property Rights or constitute unfair competition or trade secret violations; and Seller will indemnify Stanek for and hold Stanek harmless from all costs and expenses (including attorneys' fees) which Stanek incurs in defending any such claim, demand or suit, together with all liabilities, judgments, costs, damages and profits recoverable therein. Stanek shall have the right to employ, at Seller's expense, counsel on its own behalf, and shall have the right to participate in the defense of such suit.

- 14. INTELLECTUAL PROPERTY.** If any experimental, developmental or research work is called for or required hereunder, Seller agrees to and hereby does grant to Stanek an irrevocable, non-exclusive, fully transferable royalty free license to make, have made, use and sell any invention, improvement or discovery (whether or not patentable) that Seller conceives or first actually reduces to practice in performing this order. Seller agrees to and hereby does grant to Stanek (a) an irrevocable, non-exclusive, fully transferable royalty free license to reproduce, translate, publish, use and dispose of, and to authorize others so to do, any copyrighted or copyrightable material ordered as articles or incorporated in or supplied as a supplement with, any articles; and (b) the right to reproduce, use and disclose for any purpose all or any part of the reports, drawings, blueprints, data and technical information delivered or specified to be delivered by Seller to Stanek under this order. Seller shall not acquire any ownership or other rights to any designs provided by to Seller by Stanek.

- 15. CONFIDENTIALITY.** All information furnished by Stanek or any other person acting on behalf of Stanek (including without limitation any designs and specifications) and all information learned or observed about Stanek or its operations through performing this Order is confidential and Seller shall not disclose any such information to any other person, or use such information for any purpose other than performing this Order without Stanek's express written consent.

- 16. LIENS.** Seller agrees that it shall not file or assert any liens as a result of producing Products or services hereunder and that it shall not permit its subcontractors or other suppliers to file or assert such liens.

- 17. INSURANCE.** Seller shall obtain and maintain in force (a) bodily injury and property damage public liability insurance (including coverage for products and completed operations and contractual liabilities) of not less than two million dollars per occurrence, and (b) all other insurance that is required by law. Upon request, Seller shall provide Stanek with satisfactory evidence that such insurance is in effect.

- 18. INDEPENDENT CONTRACTOR.** Seller, its subcontractors and other suppliers, shall at all times be independent contractors and no express or implied representations to the contrary shall be made. Seller shall at all times retain exclusive liability for wages and all employment-related obligations due its employees and shall indemnify Stanek for any liability arising therefrom.

- 19. STATUTE OF LIMITATIONS.** All rights of Seller to commence any court action or proceeding with respect to this Order shall terminate one (1) year after the cause of action has accrued.

- 20. LABOR DISPUTES.** Whenever Seller has knowledge that any present or potential labor dispute is delaying or threatens to delay the timely performance of this contract, Seller shall immediately give notice thereof, including all information relevant thereto to Stanek.

- 21. MISCELLANEOUS.** (a) This Order and the parties' performance hereunder shall be governed by the internal laws of the State of Wisconsin, without giving effect to its conflict of laws principles, but including the Uniform Commercial Code as adopted by such state; (b) no remedy provided herein shall be exclusive of any other remedy hereunder or provided by any applicable law; (c) the invalidity or unenforceability of any provision of this Order shall not affect the validity or enforceability of any of the other provisions of this Order; (d) this Order shall not be assigned by Seller, and Seller shall not delegate in any manner to any other person the performance of any work or the supplying of any Products under this Order, in either case without the prior written consent of Stanek; (e) Stanek's failure to insist on performance of any of the terms of this Order, its failure to exercise any right or privilege or its waiver of any breach hereunder shall not effect a waiver of any other right or privilege, whether of the same or similar type; (f) in the event Stanek is involved in any litigation with respect to this Order, Stanek shall recover from Seller its costs and attorneys' fees incurred in enforcing or defending its rights hereunder; and (g) captions preceding particular sections are for convenience only and are not to be construed as part of this Order or as a limitation of the scope of a particular section to which they refer.