

## TERMS AND CONDITIONS

**EACH PURCHASE ORDER PROVIDED BY ADKEV (“BUYER”) CONSTITUTES AN OFFER TO BUY PRODUCTS BY BUYER FROM THE INTENDED RECIPIENT (“SELLER”), CONDITIONED AS SET FORTH BELOW AND THESE TERMS ARE INCORPORATED IN EACH SUCH PURCHASE ORDER. ANY EXPRESSION OF ACCEPTANCE FROM SELLER WILL CONSTITUTE ACCEPTANCE EXCLUSIVELY ON THE TERMS AND CONDITIONS STATED HEREIN.**

**1. PACKING, MARKING, AND SHIPPING.** All supplies shall be properly packaged, marked, and shipped in accordance with the requirements of the common carrier transporting such supplies and of the applicable purchase order and in a manner which will permit the securing of the lowest transportation rates. Seller shall route shipments in accordance with Buyer’s instructions. Seller shall reimburse Buyer for all expenses incurred by Buyer as a result of improper packaging, marking, or routing. Seller shall mark each package in accordance with the current edition of Buyer’s Package Identification or Steel Packaging Standards as acceptable. Any transportation charges paid by Seller, with respect to which Seller is entitled to reimbursement, shall be added to Seller’s invoice as a separate item and the receipted freighted bill shall be attached thereto. Unless otherwise provided herein, Seller is solely responsible for packaging, taxes, drayage, storage, or other extra costs. If a delivery date has been provided in the applicable purchase order, Seller’s performance shall be made at the time(s) and in the quantities specified, time being of the essence in every case. Notwithstanding any delivery terms herein, risk of loss passes to Buyer only upon acceptance of the supplies.

**2. PACKAGING, SLIPS, BILLS OF LADING, AND INVOICES.** Each Packing Slip, Bill of Lading, and Invoice shall bear the applicable purchase order number and the location of the plant to which supplies are to be shipped. A Numbered Master Packaging Slip shall accompany each shipment. If less than a carload is being shipped, the slip shall be included in one of the packages which shall be marked “Packing Slip Inside”. In the case of a carload shipment, the slip must be enclosed in an unsealed envelope and tacked near the door or inside of the freight car. Unless otherwise provided herein, invoices shall be submitted as directed on the applicable shipping release issued by Buyer.

**3. INSPECTION.** Buyer and/or its customer reserves the right to inspect and test supplies prior to shipment or upon receipt. Verification by Buyer or Buyer’s customer shall not absolve Seller of the responsibility to provide acceptable product nor shall it preclude subsequent rejection by its customer. If supplies fail to meet the requirements hereof, Buyer shall have the right to: a) reject such supplies, or b) retain and correct such supplies at Seller’s expense. Defects not discovered upon initial inspection are not waived by such inspection or any payment made by Buyer.

**4. PATENTS.** Seller: (a) warrants that the supplies provided pursuant to each purchase order (and their sale or use, alone or in combination, according to Seller’s

specifications or recommendations, if any) will not infringe any United States or foreign patents; b) agrees to indemnify and hold harmless Buyer and anyone selling or using any of Buyer's product against all judgments, decrees, costs, and expenses resulting from any alleged infringement; and c) agrees that Seller shall, upon request of Buyer at Seller's own expense, defend or assist in the defense of any action which may be brought against Buyer or those selling any of Buyer's product by reason of any such alleged infringement. Seller hereby grants Buyer a license to repair, rebuild, and relocate and to have repaired, rebuilt, and relocated the supplies purchased by Buyer under each purchase order. All patents, copyrights, know-how, and intellectual property developed by Seller specifically in response to a purchase order are "work made for hire" and hereby assigned to Buyer.

**5. CANCELLATION AT OPTION OF BUYER.** Performance of work under each purchase order may be canceled by Buyer at its option, in whole or part, at any time by delivery of a written notice of cancellation to Seller. Buyer shall have such right or cancellation notwithstanding the existence with respect to Seller of any of the causes of events specified in Paragraph 15 (Excusable Delays). After receipt of a notice of cancellation and , unless otherwise directed by Buyer, Seller shall immediately: (a) terminate all work under the applicable purchase order; (b) terminate all orders and subcontracts relating to the performance of work terminated by the notice of cancellation unless otherwise directed by Buyer; (c) settle all claims arising out of such cancellation of orders and subcontracts; (d) transfer title and deliver to Buyer all completed work which conforms to the requirements of the terminated purchase order and does not exceed, in quantity, the amount authorized for production by Buyer and all reasonable quantities (but not in excess of amounts authorized by Buyer) of work in process and materials produced or acquired in respect of the performance of the work terminated which are a type and quality suitable for producing supplies which conform to the requirements of such purchase order and which cannot be reasonable used by Seller in producing supplies for itself or for its other customers; and (e) take all action necessary to protect property in Seller's possession in which Buyer has , or may acquire, interest. Upon cancellation by Buyer, and if goods are manufactured specifically for Buyer and are not saleable to others in the ordinary course of business of any entity engaged in Seller's business, then Buyer shall reimburse Seller for costs reasonably and necessarily incurred by Seller in performance of the terminated purchase order of the following types: (1) costs of direct labor and materials for all completed items or work in process, less salvage value; (2) cost of material produced specifically for such order which are not subject to cancellation by Seller and which are not standard items usable in other application, less salvage value; (3) the reasonable costs incurred by Seller in protecting property in its possession in which Buyer has or may acquire and interest. Any claim on account of cancellation must be submitted to Buyer within thirty (30) days of the date of the notice of cancellation and must be supported by cost data in such form and detail as reasonably may be required by Buyer. The cost reimbursement obligations of Buyer provided in this paragraph shall not apply in the event a purchase order is cancelled by Buyer for just cause or any default of Seller.

**6. CHANGES IN ORDER.** Buyer, at any time by written notice, may make changes in: (a) the drawing, design, and/or specifications applicable to the supplies and/or services covered by a purchase order; (b) the methods of shipment and packaging; and/or (c) the place of delivery. If any changes affect the time for performance, the cost of manufacturing such supplies or the cost of furnishing such services, Buyer shall make an equitable adjustment in the price or the delivery schedule, or both. Seller shall not make any changes in design, composition, or packaging of any supplies ordered without Buyer's prior written approval.

**7. BAILED PROPERTY.** Unless otherwise provided herein or in any other agreement between Buyer and Seller, all supplies, materials, facilities, tools, jigs, dies, fixtures, patterns, and equipment furnished to Seller by Buyer to perform one or more purchase orders, or for which Seller has been reimbursed by Buyer (collectively "Tooling"), shall remain the property of Buyer and Seller will be a bailee at will of the same. Notwithstanding the foregoing, Seller acknowledges that it may be a bailee at will of any Tooling for the benefit of a customer of Buyer through Buyer. Seller shall bear the risk of loss of and damage to such Tooling, normal wear and tear excepted. Tooling shall at all times be properly housed and maintained by Seller, shall be deemed to be personal shall be marked "Property of Adkev Inc." by Seller. Tooling shall not be commingled with the property of Seller or that of a third person, shall not be moved from Seller's premises without Buyer's prior written approval, and shall, upon request of Buyer, be immediately delivered to Buyer by Seller, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such Tooling or shall, upon request of Buyer, be immediately delivered to Buyer by Seller with Seller bearing the cost of delivering such property to such location. Buyer shall have the right to enter Seller's premises at all reasonable times to inspect Tooling and Seller's records with respect thereto.

**8. MODIFICATION OF PURCHASE ORDER AND NONASSIGNMENT.** Each purchase order, together with any electronic data interchange agreement and any written instructions issued hereunder, contains the complete and final agreement between Buyer and Seller. No agreement or understanding in any way purporting to modify the terms and conditions hereof shall be binding upon Buyer unless otherwise agreed to by Buyer in writing on or subsequent to the date of the applicable purchase order. Seller shall not delegate the performance of any of its obligations or duties under any purchase order. Seller may assign monies, due or to become due under a purchase order; provided, however, that Buyer shall be entitled to assert against the assignee all rights, claims, and defense of every type (including, without limitation, rights of setoff, recoupment, and counterclaim), which Buyer could assert against Seller, whether acquired prior to subsequent to such assignment.

**9. COMPLIANCE WITH LAW.** From time to time, Buyer serves as a contractor or subcontractor to the United States Government. Accordingly, Seller agrees to comply with

all federal, state, and local laws, Executive orders, rules, regulations, and ordinances which may be applicable to Seller's performance of its obligations.

**10. INTERNATIONAL SHIPMENTS.** For each international shipment, Seller shall include a priced invoice, with the master packing slip and all other required documents for export and import. Export credits shall belong to Buyer unless otherwise agreed. Upon Buyer's request, Seller shall furnish all documents required to obtain export credits and customers drawbacks and shall identify the country of origin of the materials used in these supplies and the value added thereto in each country.

**11. FREIGHT RATES, DUTIES, TAXES.** Seller shall reduce the price of the goods ordered herein by the amount of any reductions in Seller's cost resulting from a reduction in freight rates, custom duties, import taxes, excise taxes, and/or sales tax from those in force on the date hereof.

**12. APPLICABLE LAW.** Each purchase order shall be construed and governed according to the laws of Indiana, USA, not including the U.N. Convention for the International Sale of Goods.

**13. PREMIUM SHIPMENTS.** If, because of failure of Seller to meet the delivery requirements of a purchase order, Buyer finds it necessary to require shipment of any of the supplies covered by such purchase order by a method of transportation other than the method originally specified by Buyer, Seller shall reimburse Buyer the amount, if any, by which the cost of the more expeditious method of transportation exceeds the cost of the method of transportation originally specified unless such failure is due to causes beyond control and without the fault of negligence of Seller.

**14. WARRANTY.** Seller warrants that the supplies covered by each purchase order will conform to the specifications, drawing samples, or other descriptions furnished by Buyer and will be free from defects in design, material and for the purpose intended. There shall be no exclusion of Seller's liability for incidental or consequential damages. The warranties and remedies provided herein shall be cumulative, additional to those implied by or available at law, and shall exist notwithstanding the acceptance by Buyer of any part of the supplies with respect to which such warranties and remedies apply.

**15. EXCUSABLE DELAYS.** Neither Buyer nor Seller shall be liable for a failure to perform hereunder arising from causes or events beyond the reasonable control and without the fault of negligence of Buyer or Seller in failing to perform hereunder, including but not limited to labor disputes of any kind.

**16. CONSULTING.** To the extent a purchase order is for consulting services, consultant hereby assigns to Buyer all rights, title, and interest in and to any and all ideas, invention, improvements, materials, copyrightable materials, or the like, conceived or made by consultant as a result of or relating to work done for Buyer pursuant to this purchase

order. Such assignments include all property rights appurtenant thereto, consultant will sign any documents necessary to confirm such assignment.

**17. CONFIDENTIALITY.** All information concerning the products manufactured by Buyer, including but not limited to samples, patterns, drawings, and specifications, which are made available to Seller pursuant to a purchase order (the “information”), shall remain the property of Buyer. Seller shall hold the information in confidence. Except for the purpose of performing the applicable purchase order, Seller shall not disclose the information to any third party nor use the information. This paragraph will not diminish or supersede any prior agreement between the parties with respect to the confidential information to the extent such prior agreement provides for a broader definition of protected information or additional restrictions, requirements, or obligations on the part of Seller.

**18. REJECTIONS.** New orders will not be issued to cover replacement of items rejected by Buyer’s inspection. The rejected quantities shall be deducted from the total amount received and Seller shall, on receipt of rejected items, make immediate replacement against this purchase order. Such replacements shall be shipped within the delivery schedule specified herein. Payment by Buyer shall not constitute acceptance of the items shipped. All items received shall be subject to inspection by Buyer.

**19. TOOLS.** In the event such items are to be provided by Seller using designs, specifications, blue prints, data, patterns, tools or dies furnished by Buyer, Seller shall not use such to provide items for any other person, firm, or corporation. Unless otherwise specified, Seller bears all responsibility for loss and damage to articles owned by Buyer and possessed by Seller for use in performing the purchase order including responsibility for loss and damage which occur despite Seller’s exercise or reasonable care, but excluding normal wear.

**20. HAZARDOUS MATERIALS.** Materials shipped to Buyer that is classified as hazardous material by Federal, State, or local government rules and regulation shall be labeled as such and a copy if the Material Safety Data Sheet must accompany the first shipment. Changes to the product that require the MSDS to be updated shall be communicated to Buyer by mailing a copy of the updated MSDS as soon as available.

**21. AMENDMENTS; ADDITIONS.** Each purchase order is conditioned on Seller’s acceptance of these terms and conditions and any additional or conflicting terms contained in any response shall be of no effect whatsoever. Unless specifically agreed to in a writing signed by an authorized representative of Buyer, Buyer objects to any attempt by Seller to change, alter, or amend any obligation, representation, or limitation of Seller or Buyer as provided herein.

**22. LABOR STANDARDS.** Seller affirmatively agrees to Adkev’s labor standards policies that are in the supplier quality manual.

## **SHIPPING RELEASE**

Upon receipt of this release, please give notice of any anticipated difficulties which may arise in your ability to meet these delivery requirements. All shipments must comply with specifications in this purchase order, including packaging, and routing instructions, unless otherwise noted. You are authorized to procure materials, fabricate, and ship supplies only for the quantities required to meet each delivery date stated in the release.

All shipments must comply with specifications in the purchase order, including packaging and routing unless otherwise noted. Advise immediately if net cumulative shipments do not agree with your record. Supplies returned for full credit at purchase order price are to be considered as reductions of the total cumulative quantity that has been shipped. Unless specific dates are provided in this purchase order, or procure any of the material required in their fabrication, or ship any such supplies to Buyer except to the extent authorized in written instructions furnished to Seller by Buyer

Buyer shall have no responsibility for supplies for which delivery dates or such written instructions have not been provided, not shall Buyer be responsible for quantities listed in the "planning purpose only" time frame. Shipment in excess of those authorized may be returned to Seller and Seller shall pay Buyer for all packing, handling, sorting, and transportation expenses in connection with such shipments. Buyer may from time to time change shipping schedules specified in this purchase order or contained in such written instructions or direct temporary suspension of such scheduled shipments.