

## CTM CORPORATION PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE:** Seller has read and understands this order and agrees that Seller's written acceptance or commencement of any work or service under this order shall constitute Seller's assent to and acceptance of these terms and conditions only. All terms and conditions proposed by Seller, which are different from or in addition to this order are unacceptable to Buyer, are expressly rejected by Buyer, and shall not become a part of this order. Except as otherwise specifically provided herein, THE TERMS OF THIS AGREEMENT ARE EXCLUSIVE and any modifications to this order shall only be made in accordance with Section 31.

2. **SHIPPING, BILLING AND FLSA CERTIFICATION:** Seller agrees (a) to properly pack, mark and ship goods in accordance with the requirements of Buyer and involved carriers in a manner to secure lowest transportation cost; (b) to route shipments in accordance with instructions from Buyer's Traffic Department; (c) to make no charge for handling, packaging, storage, transportation or drayage of goods unless otherwise stated in this order, (d) to provide with each shipment packing slips with Buyer's order number marked thereon, (e) to properly mark each package with this order number, the factory, plant and dock number, and where multiple packages comprise a single shipment, to consecutively number each package; (f) to promptly forward the original bill of lading or other shipping receipt for each shipment in accordance with Buyer's instructions and carrier's requirements; and (g) to otherwise conform to Buyer's shipping policies in effect from time to time. The marks on each package and identification of the goods on packing slips, bills of lading and invoices shall be sufficient to enable Buyer to easily identify the goods purchaser. Seller further agrees (x) to promptly render, after delivery of goods or performance of services, correct and complete invoices to Buyer, and (y) to accept payment by check, or at Buyer's discretion, other cash equivalent (including electronic transfer of funds). Seller's invoice must include a certification that all goods were produced in compliance with the applicable requirements of the Fair Labor Standards Act, as amended, including, without limitation of Sections 6, 7 and 12 (minimum wage, maximum hours, and child labor provisions, respectively), and of regulations and orders of the United States Department of Labor issued in connection therewith. The payment date is set forth on the face of this order, or if not stated, shall be on the 25<sup>th</sup> day of the month following Buyer's receipt of a proper invoice (except as may otherwise be agreed upon by Buyer and Seller in connection with a program providing for electronic funds transfer). Time for payment shall not begin until correct and complete invoices are received, and Seller's cash discount privileges to Buyer shall be extended until such time as payment is due. Buyer may withhold payment pending receipt of evidence in such form and detail as Buyer may direct of the absence of any liens, encumbrances and claims on the goods or services under this order.

3. **DELIVERY SCHEDULES:** Deliveries shall be made both in quantities and at times specified in Buyer's schedules. Time and quantity are of the essence in each order and Buyer may reject and/or return, at Seller's expense, any delivery of goods or part thereof received before or after the delivery date or in excess of the quantity specified in Buyer's delivery schedules. Buyer shall not be required to make payment for goods delivered to Buyer, which are in excess of quantities specified in Buyer's delivery

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schedules. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price for goods or services covered by this order. For orders of goods where quantities and/or delivery schedules are not specified, Seller shall deliver goods in such quantities and times as Buyer may direct in subsequent releases.

4. **PREMIUM SHIPMENTS:** If Seller's acts or omissions result in Seller's failure to meet Buyer's delivery requirements and Buyer requires a more expeditious method of transportation for the goods than the transportation method originally specified by Buyer, Seller shall, at Buyer's option, promptly be debited for 100% of the cost of the more expeditious method.

5. **CHANGES:** Buyer reserves the right at any time to direct changes, or cause Seller to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by this order, including work with respect to such matters as inspection, delivery, packaging, testing or quality control, and Seller agrees to promptly make such changes; any difference in price or time for performance resulting from such changes shall be equitably adjusted by Buyer after receipt of documentation in such form and detail as Buyer may direct. Any changes to this order shall be made in accordance with Section 31.

6. **INSPECTION:** Seller agrees that Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, materials, and any property of Buyer covered by this order. Buyer's inspection of or payment for the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-progress or finished goods, and neither inspection nor payment shall relieve Seller of its responsibility to furnish conforming goods.

7. **NONCONFORMING GOODS:** To the extent Buyer rejects goods as nonconforming, the quantities under this order will automatically be reduced unless Buyer otherwise notifies Seller. Seller will not replace quantities so reduced without a new order or schedule from Buyer. Nonconforming goods will be held by Buyer for disposition in accordance with Seller's instructions at Seller's risk. Seller's failure to provide written instructions within ten (10) days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling, or to dispose of the goods, without liability to Seller. Payment for nonconforming goods shall not constitute an acceptance thereof, limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller's responsibility for latent defects.

8. **FORCE MAJEURE:** Any delay or failure of either party to perform its obligations hereunder shall be excused if, and to the extent it is caused by an event or occurrence beyond the reasonable control of the party and without its fault or negligence, such as, by way of example and not by way of limitation, acts of God, restrictions, prohibitions, priorities or allocations imposed by or actions taken by any governmental authority (whether valid or invalid), embargoes, fires, floods, windstorms, explosions, riots,

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natural disasters, wars, sabotage, inability to obtain power, material, equipment or transportation, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party within ten (10) days. During the period of such delay or failure to perform by Seller, Buyer, at its option, may purchase goods from other sources and reduce its schedules to Seller by such quantities, without liability to Seller, or have Seller provide the goods from other sources in quantities and at a time requested by Buyer and at the price set forth in this order. If requested by the Buyer, Seller shall, within ten (10) days of such request, provide adequate assurance that the delay will cease within thirty (30) days of receipt of the request by Seller. Buyer may immediately cancel the order without liability if any delay or failure described in this Section 8 shall continue for 30 days after notice thereof.

9. **WARRANTY:** Seller represents and warrants that the goods covered by this order are merchantable, free from any defects in material or workmanship and shall perform in accordance with any applicable manufacturer's warranties.

10. **DEFECTIVE PARTS:** If any goods fail to satisfy the warranty, the Buyer shall give written notice of the defective goods to the Seller within 60 days of the date that the Buyer becomes aware of the defective goods. The Buyer may require that the Seller deliver replacement goods at Seller's expense on an expedited basis, or set off the purchase price of defective goods against current amounts owing to the Seller. The Buyer shall return the defective goods on freight collect basis.

11. **RECALLS:** If it is necessary to recall any goods or equipment incorporating the goods, the Seller shall bear all costs and expenses of such detail.

12. **COMPONENTS DISCLOSURE AND SPECIAL WARNINGS AND INSTRUCTIONS:** If requested by Buyer, Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct: (a) a list of all components in the goods purchased hereunder; (b) the amount of one or more components; and (c) information concerning any changes in or additions to such components. Prior to and with the shipment of the goods purchased hereunder, Seller agrees to furnish to Buyer sufficient warning and notice in writing, including appropriate labels on goods, containers and packing of any hazardous material which is a component or a part of any of the goods, together with such special handling instructions as may be necessary to advise carriers, Buyers, and their respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury and property damage in the handling, transportation, processing, and use or disposal of the goods, containers and packing shipped to Buyer.

13. **INSOLVENCY:** Buyer may immediately cancel this order without liability to Seller in the event of the happening of any of the following or any other comparable event: (a) insolvency of the Seller, (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of any involuntary petition in bankruptcy against Seller; (d) appointment of a receiver, trustee, or custodian for Seller as defined under Title 11, U.S.C., as amended, or any successor statute; (e) execution of an assignment for the benefit of creditors by Seller;

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or (f) any similar state or federal proceeding, provided that such petition, appointment or assignment is not vacated or nullified within fifteen (15) days of such event.

14. **CANCELLATION FOR BREACH:** Buyer reserves the right to cancel all or any part of this order, without liability to Seller, if Seller (a) repudiates or breaches any of the terms of this order, including Seller's warranties; (b) fails to perform services or deliver goods as specified by Buyer; or (c) fails to make progress so as to endanger timely and proper completion of services or delivery of goods, and does not correct such failure or breach within ten (10) days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach.

15. **TERMINATION:** In addition to any other rights of Buyer to cancel or terminate this order, Buyer may at its option immediately terminate all or any part of this order, at any time and for any reason, by giving written notice to Seller. Upon such termination, Buyer shall pay to Seller, as Seller's sole and exclusive remedy in respect of such termination, the following amounts without duplication (a) the order price for all goods or services which have been completed in accordance with this order and not previously paid for; and (b) the actual direct costs (excluding overhead or other selling, general and administrative expense allocation) of work-in-process and raw materials incurred by Seller in furnishing the goods or services under this order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting principles to the terminated portion of this order; less, however, the reasonable value or cost (whichever is higher) of any goods or materials used or sold by Seller with Buyer's written consent, and the cost of any damaged or destroyed goods or material. Buyer will make no payments for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts in excess of those authorized in delivery releases nor for any undelivered goods which are in Seller's standard stock or which are readily marketable. Payments made under this Section shall not exceed the aggregate price payable by Buyer for finished goods, which would be produced by Seller under delivery or release schedules outstanding at the date of termination. Except as provided in this Section, Buyer shall not be liable for and shall not be required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit, overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, termination or cancellation fees or general and administrative burden charges from termination of this order. Within sixty (60) days from the effective date of termination, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit Buyer's audit, and shall thereafter promptly furnish such supplemental and supporting information as Buyer shall request. Buyer, or its agents, shall have access to Seller's premises, and the right to audit and examine all books, records, facilities, work, material, inventories and other items relating to any termination claim of Seller prior or subsequent to payment.

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16. **INTELLECTUAL PROPERTY:** Seller agrees: (a) to defend, hold free and harmless and indemnify Buyer, its successors and customers against all claims, demands, losses, suits, damages, liability and expenses (including reasonable attorney fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trade name, trademark, copyright, mask work right or other intellectual property rights by reason of the manufacture, use or sale of the goods or services ordered, including infringement arising out of compliance with specifications furnished by Buyer, or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions; (b) to waive any claim against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, in any way related to a claim asserted against Seller or Buyer for patent, trade name, trademark, copyright or mask work right or other infringement claim, including claims arising out of compliance with specifications furnished by Buyer; and (c) to grant to Buyer a worldwide, nonexclusive, royalty free, irrevocable license to repair and have repaired, to reconstruct and have reconstructed the goods ordered hereunder. Seller assigns to Buyer all right, title and interest in and to all trademarks, copyrights, trade names and mask work rights in any material created for Buyer under this order. Any patented or unpatented knowledge or information concerning either Buyer's or Seller's products, production or other methods, processes, scheduling, sources of supply, customers, marketing, or otherwise which that party may disclose to the other attendant or incident to this order shall be deemed to have been disclosed as part of the consideration hereunder and shall not be given other use, shall be retained in confidence by the party to which disclosed, and, to the extent represented by or in samples, writings, drawings or other tangibles, shall be returned to the disclosing party simultaneously with termination under this order or at any time upon demand. Seller will give Buyer specific written notice of any such confidential knowledge or information (and of any license or other agreement relating to the use or dissemination thereof) embodied in the goods governed by this order prior to delivery thereof.

17. **TECHNICAL INFORMATION DISCLOSED TO BUYER:** Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information, which Seller shall have disclosed or may hereafter disclose to Buyer in connection with the goods or services covered by this order.

18. **INDEMNIFICATION:** If Seller or its employees, agents, consultants, suppliers, or other subcontractors or representatives ("Seller's Agents"), perform any work on Buyer's premises or utilize the property of Buyer, whether on or off Buyer's premises, Seller and Seller's Agents shall indemnify and hold Buyer harmless from and against any liability, claims, demands or expenses (including reasonable attorney fees) for damages to the property of or injuries (including death) to Buyer, its employees, or any other person arising from or in connection with Seller's or Seller's Agents' performance of work or use of Buyer's property, except for such liability, claim or demand arising out of the sole negligence of Buyer.

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19. **INSURANCE:** Seller shall maintain insurance coverage in amounts not less than the following unless greater limits are reasonably requested (a) Workers' Compensation - Statutory Limits for the state or states in which this order is to be performed (or evidence of authority to self-insure); (b) Employer's Liability \$250,000; (c) Comprehensive General Liability (including Products/Completed Operations and Blanket Contractual Liability)- \$1,000,000 per person, \$1,000,000 per occurrence, Personal Injury, and \$1,000,000 per occurrence Property Damage combined single limit; and (d) Automobile Liability (including owned, non-owned and hired vehicles) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury and \$1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit. At Buyer's request, Seller shall furnish to Buyer certificates of insurance setting forth the amount(s) of coverage, policy number(s), Buyer as an additional insured (if required), and date(s) of expiration for insurance maintained by Seller, and if further requested by Buyer, such certificates will provide that Buyer shall receive thirty (30) days' prior written notification from the insurer of any termination or reduction in the amount or scope of coverages. Seller's purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under this order. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by this order and shall not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation.

20. **TOOLS:** Unless otherwise agreed to by Buyer, Seller at its own expense, shall furnish, keep in good condition, and replace when deemed necessary by Buyer all tools, jigs, dies, gauges, fixtures, molds and patterns ("Tools") necessary for the production of the goods. The cost of changes to the Tools necessary to make design and specification changes authorized by Buyer shall be paid for by Buyer. Seller shall insure the Tools with full fire and extended coverage insurance for the replacement value thereof. Seller grants Buyer an irrevocable option to take possession of and title to the Tools that are special for the production of the goods upon payment to Seller of the book value thereof less any amount which Buyer has previously paid to Seller for the cost of such Tools; provided, however, that this option shall not apply if such Tools are used to produce goods that are the standard stock of Seller or if a substantial quantity of like goods are being sold by Seller to others.

21. **BAILED PROPERTY:** All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer, either directly or indirectly to Seller to perform this order, or for which Seller has been reimbursed by Buyer, shall be and remain the property of Buyer, and Seller shall bear the risks of loss of and damage to Buyer's property. Buyer's property shall at all times be properly housed and maintained by Seller, shall not be used by Seller for any purpose other than the performance of this order; shall be deemed to be personal property; shall be conspicuously marked "Property of CTM Corporation." by Seller; shall not at any time become subject to any lien in favor of any creditor or other contract party of Seller; shall not be commingled with the property of Seller or with that of a third person; and shall not be moved from Seller's premises without Buyer's prior written approval. Upon the request

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of Buyer, such property shall be immediately released to Buyer or delivered to Buyer by Seller, either (i) F.O.B. transport equipment at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (ii) to any location designated by Buyer, in which event Buyer shall pay to Seller the reasonable cost of delivering such property to such location. Buyer shall have the right to enter onto Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto. Seller shall execute such financing statements and other documents requested by Buyer to evidence any such bailment relationship.

22. **REMEDIES:** The rights and remedies reserved to Buyer in this order shall be cumulative, and additional to all other or further remedies provided in law or equity.

23. **DUTY DRAWBACK RIGHTS:** This order includes all related customs, duty and import drawback rights, if any, (including rights developed by substitution and rights which may be acquired from Seller's suppliers) which Seller can transfer to Buyer. Seller agrees promptly to inform Buyer of the existence of any such rights and upon request to supply such documents as may be required to obtain such drawback.

24. **SETOFF:** In addition to any right of setoff provided by law, all amounts due Seller shall be considered net of any indebtedness of Seller to CTM Corporation and its subsidiaries; and CTM Corporation may deduct any amounts due or to become due from Seller to CTM Corporation and its subsidiaries from any sums due or to be come due from CTM Corporation to Seller.

25. **ADVERTISING:** Seller shall not, without first obtaining the written consent of Buyer, advertise or publish in any manner the fact that Seller has contracted to furnish Buyer the goods or services herein ordered, or use any trademarks or trade names of Buyer in Seller's advertising or promotional materials, without the express prior written consent of Buyer. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by this order and shall not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation.

26. **GOVERNMENT COMPLIANCE:** Seller agrees to comply with all federal, state and local law, Executive Orders, rules, regulations, ordinances, and agency, association standards, or other standards, which may be applicable to Seller's performance of its obligations under this order.

27. **EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION:** This order incorporates by reference (a) all provisions of 41 C.F.R. 60-1.4 as amended, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R. 60-250, as amended, pertaining to affirmative action for disabled veterans of the Vietnam Era; (c) all provisions of 41 C.F.R. 60-741, as amended, pertaining to affirmative action for individuals with disabilities; and (d) all similar successor laws or regulations to those in (a) through (c). Seller certifies that it is in compliance with all applicable provisions of 41

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C.F.R. 60-1, including but not limited to: (a) developing and presently having in full force and effect a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-1.40, as amended; (b) filing EEO-1 Reports as required by 41 C.F.R. 60-1.7 as amended; and (c) neither maintaining segregated facilities nor permitting its employees to perform services at segregated facilities as prohibited by 41 C.F.R. 60-1.8 as amended. Buyer requests that Seller adopt and implement a policy to extend employment opportunities to qualified applicants and employees on an equal basis regardless of an individual's age, race, color, sex, religion, national origin or other protected classification. If Seller is a minority certified business (including without limitation a "small disadvantaged business" under applicable regulations of the U.S. Small Business Administration or otherwise certified by any third party as a minority business), Seller shall provide Buyer with a copy of such certification and other related information reasonably requested by Buyer. Seller promptly shall notify Buyer of any revocation of or other change in such minority status, if applicable.

28. **NO IMPLIED WAIVER:** The failure of either party at any time to require performance by the other party of any provision of this order shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of this order constitute a waiver of any succeeding breach of the same or any other provision.

29. **NON-ASSIGNMENT:** Seller may not assign or delegate its obligations under this order without Buyer's prior written consent. Buyer may assign this order and all rights hereunder without Seller's consent.

30. **RELATIONSHIP OF PARTIES:** Seller and Buyer are independent contracting parties and nothing in this order shall name either party the agent or legal representative of the other for any purpose whatsoever nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

31. **GOVERNING LAW:** This order is to be construed according to the laws of the state from which this order issues as shown by the address of Buyer on the face side of this order.

32. **SEVERABILITY:** If any term of this order is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term shall be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this order shall remain in full force and effect as written.

33. **ENTIRE AGREEMENT:** This order, together with the attachments, exhibits, or supplements, specifically referenced in this order, constitutes the entire agreement between Seller and Buyer with respect to the matter contained herein and supersedes all prior oral or written representations and agreements. This order may only be modified by a purchase and order amendment alteration issued in writing by Buyer.



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34. **COUNTERPARTS:** This order may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, taken together, constitute a single document.

35. **INTEGRATION:** This order represents the entire agreement of the parties. All of the terms and conditions set forth on the face and reverse side hereof are an integral part of the order, supersede any contrary provisions in Seller's quotation form, proposal, or any pre-source agreement or checklist, and may not be varied or modified in any manner, except by a subsequent writing signed by an authorized representative of Buyer. In the event of a conflict between the terms on the face and the terms and conditions hereof, the terms on the face of this order shall prevail. Seller's written acceptance of this purchase order, shipment of the goods or any portion thereof, the commencement of any work, or the performance of any services hereunder shall constitute acceptance by Seller of all conditions contained herein.

36. **RIGHT OF ACCESS:** The supplier shall provide Right of Access to all facilities involved in prosecution of the Purchase Order. The Right of Access includes CTM Corporation, their Customer, and their Customer's Customer(s) to the level of the End Item User, and any US Government or Regulatory Authorities. Access shall be provided based on 24 hours advanced notice by CTM Corporation.

37. **COUNTERFEIT PARTS:** The supplier has the responsibility to verify that unauthorized copy, imitation, substitute, or modified part (e.g., material, part), is not knowingly misrepresented as a specified genuine part of an original or authorized manufacturer of such part.

38. **SUPPLIER AWARENESS:** The supplier is responsible is a integral part of our QMS with product conformity, must ensure product safety and adhere to ethical behavior .