

PURCHASE ORDER TERMS AND CONDITIONS

1. ORDER ACCEPTANCE

- (A) This Purchase Order is limited to the terms and conditions contained on the face and the reverse herein. Any additional or different terms proposed by SELLER in any quotation, acknowledgement, or any other document are hereby deemed to be material alterations and notice of objection to them is hereby given. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties.
- (B) If this Order has been issued by BUYER in response to an offer and if any of the terms herein are additional to or different from any terms of such offer, then the issuance of this Order by BUYER shall constitute an acceptance of such offer subject to the express condition that SELLER assent to such additional and different terms herein.

2. ENTIRE AGREEMENT

This Order consists of all the terms contained on the face hereof, the specifications, documents and attachments referred to or attached hereto by BUYER together with the terms and conditions of purchase stated herein. This Order sets forth the entire agreement between the parties and is limited to the provisions contained herein. No amendments or modifications to its provisions will be binding upon BUYER unless in writing and signed by an authorized representative of Buyers Purchasing Department.

3. PRICE

- (A) The price(s) set forth on the face of this Order are firm, or if no price appears thereon, than no higher than the last price quoted or charged by SELLER for the same goods or services. Unless otherwise provided herein, such prices include all costs for packing, insuring and transporting the goods ordered to BUYER's facility. BUYER shall not be liable for any taxes or governmental charges or fees with respect to this Order other than those which SELLER is required by law to collect from BUYER. All such taxes and fees shall be stated separately on SELLER's invoice.
- (B) SELLER agrees to extend to BUYER any price reductions necessary to give BUYER the benefit of the lowest and most favorable prices and terms offered or given by SELLER to other purchasers of the goods and services described in this Order.

4. DELIVERY

- (A) TIME IS OF THE ESSENCE OF THIS ORDER. If delivery is not made at the time specified, BUYER reserves the right to cancel the entire Order or that part of the Order not timely delivered, and to purchase elsewhere and hold SELLER liable for all costs and damages incurred by BUYER. Failure of a SELLER to deliver product on a timely basis may force BUYER to seek alternative suppliers and/or may result in expedited charges and additional freight costs. Any such increment in costs incurred due to failure of SELLER to deliver will be charged back to SELLER and may offset against outstanding payables. SELLER shall not make any material commitment or production arrangement in excess of the amounts, or in advance of the time necessary to meet BUYER's delivery schedule for goods or services covered by this Order. Any excess commitments or arrangements shall be made at SELLER's own risk. BUYER shall not be liable for goods shipped in advance of or in excess of scheduled deliveries.
- (B) SELLER assumes all risk of loss and damage to the goods until delivery to BUYER at its facility specified on the face of this Order. The term FOB in this Order refers to transportation charges only.

5. INSPECTION AND ACCEPTANCE

All goods and services sold hereunder shall be subject to inspection and acceptance by BUYER after delivery notwithstanding any payment. After receipt of the goods or services, BUYER shall have a reasonable time (which time shall not be less than ninety (90) days) within which to inspect prior to BUYER's acceptance thereof. Nonconforming goods shall be returned freight collect, and SELLER shall be debited for the inbound transportation cost plus handling and packing expense.

6. WARRANTY

- (A) SELLER warrants title to the goods described on the face hereof and warrants further that all goods and services furnished: (i) will be in full conformance with the specifications, drawings, samples or other descriptions set forth or referred to on the face hereof; (ii) will perform as represented by SELLER (even if such representations do not appear on the face thereof, notwithstanding the provisions of paragraph 2 hereof); (iii) will be new, merchantable and fit for the use intended by BUYER; (iv) will be free from defects in material, workmanship, manufacture and design (where design is SELLER's responsibility). SELLER's warranty shall be effective for a period of time set forth on the face of this Order. If no such period is stated, the warranty shall be effective for a period of one (1) year from the date of acceptance by BUYER. This warranty will run to BUYER, its customers and users of its products.
- (B) In addition to other remedies available at law or in equity, BUYER may, at its option, return to SELLER for full credit any goods which do not meet the warranties specified herein or required correction or replacement of such goods or services, all at SELLER's risk and expense. Packing and shipping shall be at SELLER's cost.

7. CHANGES

BUYER may direct in writing changes to this Order. Equitable adjustments will be made in price or schedule where required. Any claims for adjustment shall be made by SELLER in writing not later than thirty (30) days from the date of SELLER's receipt of any such direction from BUYER. SELLER shall not be excused from proceeding with a change prior to negotiation of any adjustment.

8. INTELLECTUAL PROPERTY INDEMNITY

SELLER warrants that the goods purchased hereunder and the manufacture, sale and use thereof do not and will not infringe any third party patent, copyright, trademark, trade secret or other proprietary right ("Intellectual Property"). SELLER agrees to defend, indemnify and hold harmless BUYER, its employees, agents, distributors, dealers, affiliates, customers and users from all liabilities, obligations, costs and expenses (including reasonable attorneys' fees and costs), claims or demands for actual or alleged infringement of any Intellectual Property arising from the purchase, use or sale of goods required by this Order, except to the extent that infringement or alleged infringement arises by reason of design for such goods furnished to SELLER by BUYER.

9. INDEMNIFICATION

SELLER agrees to defend, indemnify and hold harmless BUYER and its employees, agents, distributors, dealers, affiliates, customers, and users from all liabilities, obligations, costs and expenses (including attorneys' fees and costs) incurred by BUYER as a result of all claims, demands, actions or judgments on account of personal injury or death, or damages to property arising out of or in connection with SELLER's performance of this Order. SELLER shall carry and maintain insurance coverage satisfactory to BUYER to cover the above, and upon BUYER's request, shall furnish BUYER with evidence of such insurance in a form satisfactory to BUYER. Such indemnity shall apply whether an indemnitee is claimed to be passively, concurrently or actively negligent and regardless whether liability without fault is imposed on one of the indemnitees.

10. TERMINATION FOR CONVENIENCE

- (A) BUYER may terminate this order, in whole or in part, at any time with or without cause upon written notice to SELLER. Upon receipt of such notice, SELLER shall stop work immediately and terminate all orders and sub-contracts to the extent that they relate to the terminated work.
- (B) There shall be no charges for terminating the Order with respect to standard goods. Any claim for termination charges for non-standard goods must be submitted to BUYER in writing within ten (10) days after receipt of the termination notice.
- (C) BUYER's sole responsibility to SELLER shall be to pay the contract price for such goods as have been delivered as of the time such termination is effective and to reimburse to SELLER its actual costs of materials and direct labor expended by SELLER as of the termination date in reasonable anticipation of its fulfillment of this Order which are not recoverable by SELLER, provided that no allowance shall be made to SELLER for any overhead or anticipated profit for undelivered goods. BUYER shall not be responsible for any commitments made by SELLER in advance of those necessary to comply with the schedules set forth in this Order. Upon payment of SELLER's claim, BUYER shall be entitled to all goods, materials, and work in process paid for.

11. CANCELLATION FOR DEFAULT

- (A) BUYER may cancel this Order immediately, in whole or in part, in the event SELLER: (i) fails to make timely delivery, or (ii) breaches any other term or condition of this Order. SELLER shall continue to supply any portion of this Order not cancelled.
- (B) In the event of such cancellation, at BUYER's requests, SELLER will transfer title to, and deliver to BUYER: (i) any completed goods; (ii) any partially completed items and (iii) all unique materials and tooling. Prices for partially completed goods and unique materials and tooling accepted shall be negotiated; however, in no event shall such prices exceed the Order price for said goods.
- (C) Upon the happening of any event or condition which may, in BUYER's good faith judgment, impair SELLER's ability to perform hereunder, BUYER may demand, in writing, adequate assurance of SELLER's ability to continue performance of this Order. If SELLER does not provide written adequate assurance within fifteen (15) days of receipt of BUYER's demand, SELLER shall be deemed to have rejected continued performance hereunder and to have materially breached this Order. In such event, BUYER shall have no further liability hereunder.
- (D) In the event any bankruptcy, insolvency, or receivership proceedings are initiated by or against the seller, or the seller becomes unable to pay its debts as they become due, then the buyer may cancel any unfulfilled portion of the purchase order without any liability.

12. CONFIDENTIAL INFORMATION

All information furnished or disclosed to SELLER by BUYER in connection with this Order which is identified as "Confidential" or "Proprietary" is received in confidence, shall remain the property of BUYER and shall not be disclosed to any third party without BUYER's written consent. SELLER shall not use and such information for any purpose other than to perform this Order. If requested, SELLER shall execute BUYER's Non-Disclosure Agreement before receipt of any such confidential information. SELLER will return, upon demand, all such confidential information to BUYER upon completion by SELLER of its obligations hereunder. The obligations of this paragraph shall survive expiration or termination of this Order.

13. INVENTIONS AND PROPRIETARY RIGHTS

SELLER agrees to promptly disclose to BUYER all ideas, inventions, discoveries and improvements that are made, conceived, compiled or reduced to practice to SELLER, solely or jointly with others, that are related to the performance of, or arising out of, or are paid for by BUYER in connection with this Agreement ("New Developments"). SELLER further agrees to assign to BUYER all rights, title and interest to all such New Developments. SELLER understands and agrees that all New Developments which are subject to copyright protection under the United States Copyright Act of 1976, as amended, shall be considered "works made for hire" within the meaning of Section 101 of the Copyright Act and that such works constitute and contain valuable proprietary assets and trade secrets of BUYER. In the event that, notwithstanding the foregoing, title to and ownership of any New Development initially vests in SELLER, SELLER agrees to execute, at BUYER's request, all documents as may be necessary to grant, transfer and assign all such title and ownership thereof to BUYER. SELLER agrees to obtain written assurances from its employees and contract personnel of their agreement to the terms hereof.

14. ASSIGNMENT AND SUBCONTRACTING

SELLER shall not delegate or subcontract any duties, nor assign any right or claims under this Order without the prior written consent of BUYER.

15. COMPLIANCE WITH LAWS

SELLER guarantees that all goods delivered hereunder are produced, packed, labeled and shipped in compliance with all applicable laws. SELLER agrees to comply with all Federal, State, County and local laws, rules, codes, executive orders and regulations (the "Laws") applicable to its provision of materials and services hereunder. SELLER agrees to hold harmless BUYER and its employees, agents, affiliates, customers and users from any liability arising from SELLER's failure to comply with such Laws.

16. GOVERNING LAWS

This Order shall be interpreted in accordance with and governed by the laws of the State of Washington, excluding its conflict of law rules. Any litigation arising out of this Order shall be brought in the state or federal courts located in Lewis County, Washington and the parties consent to the jurisdiction over them by such courts.

17. RIGHTS AND REMEDIES

All rights and remedies of BUYER specifically set forth in this Order shall be in addition to any other or further rights and remedies provided at law or in equity. Failure of BUYER to insist upon strict performance of any term or condition of this Order shall not be deemed to be a waiver of BUYER's rights and remedies.

18. SETOFFS

All claims for money due or to become due from BUYER shall be subject to setoff by BUYER by reason of any counterclaim arising out of this or any other transaction with SELLER.

19. BUYER'S PROPERTY

All property and material furnished to SELLER by BUYER or specifically paid for by BUYER shall be used only in the performance of this Order and shall remain the property of BUYER. Such property shall be held at SELLER's sole risk and shall be kept insured by SELLER at SELLER's expense in an amount equal to the replacement cost with loss payable to BUYER. Such property shall be delivered in good condition, normal wear and tear expected, to BUYER, FOB BUYER's plant, immediately upon request by BUYER.

20. SUPPLEMENTARY INFORMATION

Seller agrees that Buyers specifications, drawings, instructions, or technical data referred to in the Purchase Order will be incorporated herein as if fully set forth. In the case of any discrepancies or questions, Seller will refer to the Buyer for instruction or for interpretation.

21. PACKING

Seller agrees that each package shipped will be numbered and labeled with the Buyer's order number, part number, contacts, and weight. The package will contain an itemized packing slip and will be properly prepaid for shipment so as to secure the lowest transportation and insurance rates and to meet the carriers requirements unless agreed in writing. No charges will be allowed to the Seller for packing, breaking, or freight unless stated in writing. Where applicable, Seller's material must be marked and labeled in accordance with SARA community right-to know and OSHA hazard communications standards. A current copy of the material safety data sheet is to be included with orders, if any changes have occurred since the last shipment.

22. TRADE NAMES

Any trade name of the Buyer is not to be used in the Seller's advertising without the Buyer's written agreement by the President or Chief Financial Officer

23. PROOF OF SHIPMENT

Upon request, the Seller will forward to the Buyer the express receipt of bill of lading, signed by the carrier, as evidence that the shipment has been made.