

VELOCITY MACHINE, INC. PURCHASE ORDER TERMS & CONDITIONS

- PACKING, MARKING & SHIPPING** -- (a) All items shall be properly packed, marked, and shipped in accordance with the requirements of the common carrier transporting such items and of this purchase order and in a manner which will permit the securing of the lowest transportation rates. Seller shall route shipments in accordance with the VELOCITY MACHINE, INC. (the "Buyer") conditions.

(b) 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 freight bill shall be attached thereto.

(c) Unless otherwise provided in this purchase order, no charge shall be made by Seller for containers, crating, boxing, bundling, dunnage, drayage, or storage.
- PACKING SLIPS, BILLS OF LADING & INVOICES** -- (a) Each Packing Slip, Bill of Lading and invoice shall bear the applicable purchase order number and the location of the plant to which items are to be shipped. All invoices shall contain the following assurance:

"SELLER REPRESENTS THAT IT HAS COMPLIED WITH THE FAIR LABOR STANDARDS ACT OF 1938, AS AMENDED, IN PRODUCING THE ITEMS OR PERFORMING THE SERVICES COVERED BY THIS INVOICE."

(b) A numbered Master Packing 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 shall be enclosed in an unsealed envelope and tacked near the door on the inside of the freight car.

(c) Original Bill of Lading must be attached to invoices when mailed by Seller.

(d) If partial shipments are made, a separate invoice must be rendered for each shipment.

(e) If two or more orders are shipped together, each order must be invoiced separately and these invoices cross-referenced to each other.
- PRICES** -- This order must not be filled at a higher price than shown on this order. Any change must be authorized in writing by the Buyer. If no price is specified in this order, the goods or services shall be billed at the price last quoted to Buyer or at the prevailing market price, whichever is lower.
- ACCEPTANCE** -- Buyer shall not be bound by this order until Seller executes and returns to Buyer the acknowledgment copy of the order. Seller shall be bound by this order and its terms and conditions when it executes and returns the acknowledgment copy, when it otherwise indicates its acceptance of this order, or when it delivers to Buyer any of the goods ordered herein or renders for Buyer any of the services ordered herein. This order expressly limits acceptance to the terms and conditions stated herein and any additional or different terms proposed by the Seller are rejected unless expressly assented to in writing by the Buyer. No contract shall exist except as herein above provided.
- SHIPPING RELEASES** -- (a) Unless specific delivery dates are provided in this purchase order, Seller shall not fabricate any of the items covered by this purchase order or procure any of the materials required in their fabrication, or ship any of such items to Buyer, except to the extent that it is authorized in written instructions furnished to Seller by Buyer. Buyer shall have no responsibility for items for which delivery dates or such written instructions have not been provided. Buyer may from time to time exchange shipping schedules specified in this purchase order or contained in such written instructions or direct temporary suspension of such scheduled shipments.

(b) Delivery must be made in accordance with the time stated on this purchase order; otherwise Buyer reserves the right to cancel it.
- INSPECTION** -- Payment for the goods delivered hereunder shall not constitute acceptance thereof. Buyer shall have the right to inspect such goods and to reject any or all of said goods which are in Buyer's judgment defective. Goods so rejected and goods supplied in excess of quantities called for herein may be returned to the Seller at its expense and, in addition to Buyer's other rights, Buyer may charge the Seller all expenses of unpacking, examining, repacking, and reshipping such goods. In the event Buyer receives goods whose defects or nonconformities are not apparent on examination resulting in deterioration of its finished product, Buyer reserves the right to require the replacement, as well as payment of damages.
- PATENTS** -- (a) Seller shall hold Buyer harmless and shall indemnify Buyer against any and all fees, costs, and expenses borne by Buyer and shall defend any suit or proceeding brought against Buyer, its successors and/or customers, if based on a claim that the use or sale of products, apparatus, or any parts thereof made to Seller's designs and/or specifications, and furnished pursuant to the terms of this purchase order constitutes an infringement of any foreign or United States patent.

(b) If any product, apparatus, or any part thereof, or the use thereof, is held to constitute infringement and the use thereof is enjoined, Seller shall, at its own expense, either procure for Buyer, its successors and/or customers, the right to continue using said product, apparatus, or any part thereof, or replace said product, apparatus, or any part thereof, with a substantially equal, but non-infringing product, apparatus, or any part thereof acceptable to Buyer. If further use of the product, apparatus, or any part thereof is not possible, Seller will accept the return of said product, apparatus, or any part thereof, and refund the purchase price and the transportation and installation costs thereof.

(c) Seller hereby grants to Buyer a license to repair, rebuild, and relocate and to have repaired, rebuilt, and relocated patented items purchased by Buyer under this purchase order.
- TERMINATION AT OPTION OF BUYER** -- (a) Performance of work under this purchase order may be terminated by Buyer, at its option, in whole or in part, at any time by delivery, or by mailing, of a written notice of termination to Seller. Buyer

- shall have such right of termination notwithstanding the existence with respect to Seller of any cause or event beyond Seller's control.
- (b) After receipt of notice of termination, Seller shall, unless otherwise directed by Buyer, immediately terminate all work under this purchase order and (1) terminate all orders and subcontracts relating to the performance of the work terminated by the notice of termination; (2) settle all claims arising out of such termination of orders and subcontracts; (3) transfer title and deliver to Buyer (i) all completed work which conforms to the requirements of this purchase order and does not exceed, in quantity, the amount authorized for production by Buyer, and (ii) 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 of a type and quality suitable for producing items which conform to the requirements of this purchase order, and which cannot reasonably be used by Seller in producing items for itself or for its other customers; (4) take all action necessary to protect property in Seller's possession in which Buyer had acquired an interest; (5) submit to Buyer promptly, but not later than two weeks from the effective date of termination, its termination claim, subject to terms of Subparagraph (c), below; provided, however, that in the event of failure of Seller to submit its termination claim within such period, Buyer may determine, notwithstanding the provisions of Subparagraph (c) hereof, on the basis of information available to it, the amount, if any, due Seller with respect to the termination, and such determination shall be final.
- (c) Upon termination by Buyer under this paragraph, Buyer shall pay to Seller the following amounts without duplication: (1) the purchase order price for all items or services which have been completed in accordance with this purchase order and not previously paid for; (2) the actual costs incurred by Seller in accordance with this purchase order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting practices to the terminated portion of this purchase order, including the actual cost of work in process and materials delivered to Buyer in accordance with Subparagraph (b), above, and including the actual cost of discharging liabilities which are so allocable or apportionable; and (3) the reasonable costs incurred by Seller in protecting property in its possession in which Buyer has or may acquire an interest. Payments made under this subparagraph (c), exclusive of payments under subdivision (3) hereof, shall not exceed the aggregate price specified in this purchase order, less payments otherwise made or to be made. The foregoing items shall be the sole liability of the Buyer for termination.
- (d) The provisions of this Paragraph shall not apply if this purchase order is cancelled by Buyer because of the default of Seller.
- CHANGES** -- (a) Buyer may at any time, by written change order, make changes in (1) the drawings, designs, and/or specifications applicable to the items and/or services covered by this purchase order, (2) the method of shipment and packing, and/or (3) the place of delivery.

(b) If any such changes affect the time for performance, the cost of manufacturing such items or the cost of furnishing such services, Buyer shall make an equitable adjustment in the purchase price or the delivery schedule, or both.

(c) Seller shall not make any changes in the design, composition, or manufacturing process of any items ordered hereunder without the prior written approval of Buyer.
 - BAILED PROPERTY** -- Unless otherwise provided in this purchase order 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 this purchase order or for which Seller has been reimbursed by Buyer, shall remain the property of Buyer, and Seller shall bear the risk of loss of and damage to such property, normal wear and tear excepted. Such property shall at all times be properly housed and maintained by Seller; shall be deemed to be personalty; shall be marked "Property of Velocity Machine, Inc." by Seller; shall not be commingled with the property of Seller or with that of a third person; shall not be removed from Seller's premises without Buyer's prior written approval; and shall, upon request of Buyer, be immediately delivered to Buyer by Seller, f.o.b., Seller's plant, properly packed and marked in accordance with requirements of the carrier selected by Buyer to transport such property, or shall, upon request of Buyer, be immediately delivered to Buyer by Seller at any location designated by Buyer, in which event Buyer shall pay to Seller the 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.
 - REMEDIES** -- The individual right(s) and remedies reserved herein shall be cumulative and additional to any other or further remedies or damages provided in law or equity including all damages and remedies provided by the Uniform Commercial Code or in this purchase order, all of which apply hereunder. No waiver of any breach of any provision of this purchase order shall constitute a waiver of any other breach, or of such provision.
 - MODIFICATION OF PURCHASE ORDER & NON-ASSIGNMENT** -- This purchase order, together with any written instruction issued hereunder, contains the complete and final agreement between Buyer and Seller, and no agreement or other understanding in any way purporting to modify the terms and conditions thereof shall be binding upon Buyer unless otherwise agreed to by Buyer in writing on or subsequent to the date of this order. Seller shall not, without the prior written approval of Buyer, delegate in any manner to any other person the performance of any work or the supplying of any services due under this purchase order. Seller may assign monies due and to become due under this purchase order; provided, however, that Buyer shall be entitled to assert against the assignee thereof all rights, claims, and defenses of every type (including, without limitation, rights of setoff, recoupment and

- counterclaim), which Buyer could assert against Seller, whether acquired prior or subsequent to such assignment.
- SAMPLE PARTS** -- When applicable, Seller, at its own expense, shall fabricate from production tooling and furnish to Buyer the number of sample parts specified by Buyer. Seller shall inspect such samples prior to delivery and shall certify inspection results in the manner requested by Buyer.
 - COMPLIANCE WITH LAWS, RULES AND REGULATIONS** -- Seller agrees that (i) in the manufacture and sale of items to Buyer, Seller shall comply with all applicable federal, state and local laws, Executive Orders, and regulations thereunder, including without limitation, Executive Order No. 11246 of September 24, 1965, as amended by Executive Order No. 11375 of October 13, 1967, relating to equal opportunity, and the Federal Occupational Safety and Health Act of 1970 and Construction Safety Act of 1969; (ii) the items sold by Seller to Buyer shall conform to the requirements of such laws, orders and regulations; and (iii) this purchase order shall be deemed to incorporate by reference all the clauses required by the provisions of said laws, orders and regulations.
 - APPLICABLE LAW** -- This purchase order shall be construed to be executed and performed in Wisconsin, and Wisconsin laws shall govern its interpretation and enforcement. All litigation arising hereunder shall be commenced and prosecuted in Brown County Circuit Court located in Green Bay, Wisconsin. Seller expressly waives all right to remove any litigation to federal court and hereby expressly consents to the exclusive jurisdiction and venue of Brown County Circuit Court.
 - WARRANTY** -- Seller warrants that the items covered by this purchase order will conform to the specifications, drawings, samples, or other descriptions furnished to or specified by Buyer, and will be fit and sufficient for the purpose intended, merchantable, of good material and workmanship, and free from defect, latent or patent. The warranties and remedies provided herein shall be in addition to those implied by or available at law and shall exist notwithstanding the acceptance by Buyer of all or part of the items with respect to which such warranties and remedies are applicable. Seller acknowledges that Buyer is relying on Seller's skill or judgment to select or furnish suitable goods for Buyer's intended purpose. Seller also warrants that it has clear title to the items, and the items shall be delivered free and clear of any and all liens and encumbrances. Inspection, test, acceptance or use of items furnished hereunder shall not affect Seller's obligations under this paragraph. Seller agrees, at Buyer's option, to replace or correct defects in any items not conforming to the foregoing warranty promptly, and without expense to Buyer, when notified of such non-conformity by Buyer. Seller will indemnify and hold Buyer and its customers harmless from and against all liability and expenses, including attorneys' fees, arising from any such breach of warranty.
 - PREMIUM SHIPMENTS** -- If because of failure of Seller to meet the delivery requirements of this purchase order, Buyer finds it necessary to require shipment of any of the items covered by this 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 the control and without the fault or negligence of Seller.
 - INDEMNIFICATION** -- Seller agrees to indemnify and hold Buyer and Buyer's agents, customers and other parties with whom Buyer deals, harmless from and against any and all liability, loss, damage, injury, fine, penalty, claim, action, proceeding, judgment, cost and expense, including reasonable attorneys' fees to the extent not prohibited by law, arising out of, caused, brought about, or in any way relating to the items or services furnished or performed by Seller pursuant to this purchase order or Seller's breach of or failure to perform or comply with the terms, conditions, covenants and warranties contained in or arising under this purchase order. Seller further agrees, upon request by Buyer and at Seller's sole expense, to defend or assist in the defense of any third party claim, action or other proceeding.
 - TITLE AND RISK OF LOSS** -- Regardless of f.o.b. terms, title and risk of loss to the items shall not pass to Buyer until Buyer's receipt and acceptance of items at destination, except that if delivery of the items is to be made to Buyer without moving the items, then title to the items shall pass to Buyer upon Seller's acceptance of this purchase order.
 - RETURNS** -- Seller agrees that the Buyer may return (a) quantities in excess of amount stipulated under this purchase order or (b) within two years of the invoice date any merchandise that the Buyer does not use, and the Seller hereby agrees to reimburse the Buyer for a minimum of 85% of the purchase price.
 - SEVERABILITY** -- All of the provisions of this Agreement are separate and severable. If any provision is held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions of this Agreement.
 - INSURANCE** -- Seller shall obtain insurance to cover any and all risks associated with the performance of its duties under this purchase order. Such insurance shall include, without limitation, comprehensive commercial general liability insurance including blanket contractual liability coverage. Upon Buyer's request, Seller shall provide certificates of insurance to Buyer.

* References to the Uniform Commercial Code herein shall refer to Chapters 401 to 411, Wis. Stats., or their successor provisions.