

Contact Information - Any questions regarding Judco purchasing policies may be directed to the following:

Judco Manufacturing, Inc. Purchasing Department
1429 W. 240th Street Harbor City, CA 90710

Phone: 310-534-0959 Fax: 310-534-9420

Judco Manufacturing - Supplier Terms and Conditions

Effective October 1, 2006

- 1. ACCEPTANCE** - This purchase order is an offer. It may be accepted in accordance with the provisions hereof by signed acknowledgement or other written consent or by commencement of performance hereunder. Acceptance is expressly limited to the terms and conditions on the face and back sides and any attachments incorporated by reference herein. When accepted this purchase order shall constitute the entire contract between the parties. Any Seller's terms and conditions that conflict with this offer are expressly rejected by the Buyer and shall not become part of this transaction. Seller's shipment and acceptance of payment shall be verification of final acceptance of this agreement.
- 2. PRICE AND EXTRA CHARGES** - Seller represents and agrees that all prices quoted and charges for goods and/or work provided hereunder are not in excess of Seller's list, catalog or published prices nor any price recently quoted or charged to any other customer of Seller for similar quantities of goods and/or work. Seller's prices shall not be higher than stated on the purchase order unless agreed to in writing by Purchaser. The prices on the purchase order are exclusive of all city, state and federal excise taxes and transportation charges. Unless otherwise stated herein, and subject to Paragraph 3 (Packing, Marking and Shipping), transportation costs may be added to the invoice as additional charges to be paid by Purchaser.
- 3. PACKING, MARKING AND SHIPPING** - Unless otherwise specified herein or agreed to in writing by Purchaser, all goods to be delivered hereunder shall be boxed, crated or stored without charge and shall be packed and packaged (a) to insure safe arrival at their ultimate destination, (b) to secure the lowest transportation cost, and (c) to comply with requirements of common carriers. All containers, crating and packing material shall become the property of Purchaser. Purchaser's order numbers, part numbers, quantities and symbols must be plainly and clearly marked on all invoices, packages, bills of lading, shipping orders and correspondence. Shipping memos or packing lists must accompany all goods. Bills of lading or shipping receipts shall be sent to Purchaser on the date goods are shipped. Purchaser's count or weight shall be final and conclusive on shipments of goods not accompanied by a packing list.
- 4. INSPECTION** - All goods and/or work supplied hereunder shall be subject to Purchaser's rights of inspection and rejection. Rejected goods shall be held for Seller's instruction and at Seller's risk and, if requested by Seller, shall be returned for credit or refund at Seller's expense. Rejected goods shall not be replaced by Seller except when specifically ordered by Purchaser in writing. Purchaser reserves the right upon request to inspect goods and/or work on Seller's premises. Purchaser shall have the right to make use of defective materials in such manner as it deems advisable when necessary to meet Purchaser's contractual obligations to its customers, without waiving any right or remedy which Purchaser may have with respect to such materials. Payment prior to inspection shall not be deemed a waiver of Purchaser's right to revoke acceptance with respect to goods containing latent defects.
- 5. CONFIDENTIALITY** - Seller shall not without first obtaining Purchaser's written consent disseminate the fact that Seller has furnished or has contracted to furnish Purchaser with goods and/or work covered hereunder, nor, except as is necessary for the performance of this purchase order, shall Seller disclose any of the details connected with this purchase order to third parties.
- 6. PATENTS** - Seller warrants that the goods specified herein 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. Seller agrees to defend, indemnify, and hold and save harmless Purchaser and anyone selling or using any of Purchaser's products containing Seller's goods against all judgments, decrees, costs, and expenses resulting from any such alleged infringement by Seller's goods. Seller agrees that, upon request of Purchaser, Seller shall, at Seller's own expense, defend or assist in the defense of any action which may be brought against Purchaser or those selling or using any of Purchaser's products containing Seller's goods by reason of any such alleged infringement. In the case of Seller's goods, or any part thereof, or the use thereof in the intended manner in any such suit being held to constitute infringement and its use enjoined, Seller shall at Seller's own expense, either procure for Purchaser the right to continue using said goods, or

replace same with non-infringing goods, or modify the goods so they become non-infringing or remove the goods and refund the purchase price, transportation charges and installation costs. Seller hereby grants to Purchaser a license to repair, rebuild and relocate and to have repaired, rebuilt and relocated the goods purchased hereunder.

7. PRODUCT LIABILITY - Seller shall defend, indemnify, and hold and save Purchaser harmless against all liabilities, claims and demands, including but not limited to costs, expenses, and attorney's fees, that may be made by anyone for injuries, including death, to persons and for other damage related to a product defect, including a design defect in the goods and/or work purchased hereunder.

8. TERMINATION AT OPTION OF PURCHASER - The sale of goods and performance of work hereunder may be terminated by Purchaser at its option, in whole or in part, at any time by delivery or by mailing written notice of termination to Seller. Purchaser shall have such right of termination notwithstanding the existence with respect to Seller of any of the causes or events specified in Paragraph 16 (Force Majeure) of this purchase order. After receipt of a notice of termination Seller shall, unless otherwise directed by Purchaser, immediately terminate all production of goods and/or work hereunder and shall, unless otherwise directed by Purchaser, (a) terminate all orders and subcontracts relating to the production of goods and/or performance of the work terminated by the notice of termination, (b) settle all claims arising out of such termination of orders and subcontracts, transfer title and deliver to Purchaser (i) all completed goods which conform to the requirements hereof and which do not exceed, in quantity, the amount authorized for production by Purchaser, and (ii) all reasonable quantities, but not in excess of amounts authorized by Purchaser of work in process and goods produced or material acquired in respect of the performance of the production of goods and/or work terminated which are of a type and quality suitable for producing goods and/or work which conforms to the requirements of this purchase order and which can not be reasonably be used by Seller in producing supplies for itself or for its other customers, and (c) take all action necessary to protect property in Seller's possession in which Purchaser has or may acquire an interest. Upon termination by Purchaser under this paragraph Purchaser shall pay to Seller the following amounts without duplication (i) the purchase order price for all goods and/or work which has been completed in accordance herewith not previously paid for, and (ii) the reasonable costs incurred by Seller in protecting property in its possession which Purchaser has or may acquire an interest. The provisions of this Paragraph shall not apply if this purchase order is cancelled by Purchaser for the default of Seller.

9. CHANGES - Purchaser may at any time by written notice, make changes in (a) the drawings, designs and/or specifications applicable to the goods and/or work provided hereunder, or (b) the method of shipment, packing or place of delivery. If any such changes affect the time for performance, the cost of manufacturing the goods or furnishing the work, Purchaser shall make an equitable adjustment in the purchase price or the delivery schedule or both. Seller shall not make any changes in the design, composition or packaging of any goods ordered hereunder without prior written approval of Purchaser.

10. BAILED PROPERTY - Unless otherwise provided hereunder any sample, supply, material, facility, tool, die, jig, fixture, gage, mold, design, pattern, specification, description, or equipment heretofore or hereafter furnished by Purchaser in connection with this purchase order, or for which Seller has been paid or reimbursed by Purchaser, shall be and remain the property of Purchaser, 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 (a) be properly housed and maintained by Seller, (b) be deemed to be personalty, (c) be marked "Property of Judco Manufacturing, Inc." by Seller, (d) not be commingled with the property of Seller or with that of a third party, and (e) not be moved from Seller's premises without Purchaser's prior written approval. Upon termination of work hereunder or upon request of Purchaser, such property shall (a) be immediately delivered to Purchaser by Seller, F.O.B. cars or trucks at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Purchaser to transport such property, or (b) be immediately delivered to Purchaser by Seller at any location designated by Purchaser in which event Purchaser shall pay to Seller the cost of delivering such property to such location. Upon reasonable prior notice, Purchaser shall have the right to enter into Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto.

11. MODIFICATION OF PURCHASE ORDER AND NON-ASSIGNMENT - This purchase order, together with any written instructions issued hereunder, contains the complete and final agreement between Purchaser and Seller. No agreement or other understanding in any way purporting to modify the terms and conditions hereof shall be binding upon Purchaser unless otherwise agreed to by Purchaser in writing on or subsequent to the date of this purchase order. Seller shall not delegate in any manner, to any other person or entity, the goods to be supplied and/or work to be performed hereunder. Seller may assign moneys 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 which Purchaser could assert against Seller, including without limitation, rights of setoff, recoupment, and counterclaim, whether acquired prior or subsequent to such assignment.

12. FREIGHT RATES, CUSTOM DUTIES, IMPORT TAXES, EXCISE TAXES AND SALES TAXES - Any reduction in Seller's costs resulting from a reduction on freight rates, custom duties, import taxes, excise taxes and/or sales taxes from those in force on the date hereof shall be paid to Purchaser by Seller in reduction of the price of the goods and/or work ordered herein.

13. APPLICABLE LAW - This purchase order shall be construed and governed according to the laws of the State of California.

14. PREMIUM SHIPMENTS - Time is the essence hereof. If any goods and/or work is not delivered within the time specified herein or within a reasonable time if no time is specified, Purchaser may either (a) refuse to accept such goods and/or work and terminate this purchase order, or (b) require Seller to ship the goods and/or work by a more expeditious method of transportation than that originally specified herein. The additional transportation charges in excess of those which would apply for the usual means of transportation shall be paid by Seller.

15. WARRANTY - Seller warrants that all goods and/or work delivered hereunder shall (a) be of the quality, dimension and description as specified in this work order and strictly in accordance with any and all specifications, drawings, samples, etc., if any, as approved by Purchaser, (b) be free from all defects, patent and latent, in workmanship and material, and (c) be of merchantable quality and fit for the intended purpose within the meaning of the California Commercial Code. Said warranties shall survive inspection, delivery and payment and shall run to Purchaser, its successors, assigns, customers and the users of its products and shall not be deemed to be exclusive. There shall be no exclusions from Seller's liability for incidental and consequential damages on account of failure of Seller's goods and/or work to conform to the above warranties. Purchaser shall be promptly reimbursed for all cost and expenses of handling, inspection, and return of defective goods and/or work. Seller expressly assumes all risk of loss or damage to such items returned by Purchaser while same are in transit. The warranties and remedies provided for in this Paragraph and Paragraph 4 (Inspection) shall be in addition to those implied by or available at law and shall exist notwithstanding the acceptance by Purchaser of all or a part of the goods and/or work delivered hereunder. Unless otherwise specified herein, all goods and/or work shall be delivered free and clear of any security interest, lien or encumbrance of any kind.

16. FORCE MAJEURE - Neither Purchaser nor Seller shall be liable for a failure to perform hereunder arising from causes or events beyond the reasonable control and without fault or negligence of Purchaser or Seller in failing to perform hereunder, including but not limited to, labor disputes of any nature, shortages of materials or labor, Acts of God or of the public enemy, or government regulations or restrictions.

17. INTELLECTUAL PROPERTY RIGHTS - Purchaser retains ownership of all intellectual property and proprietary data disclosed to Seller in connection with this purchase order. Seller shall not disclose such intellectual property or data to others unless already known to the general public. For the purposes of this paragraph, proprietary data means all design, engineering and technical information (whether patentable or not) and other information relating to Purchaser's trade secrets. Purchaser's trade secrets include but are not limited to secrets of manufacture contained in Purchaser's manufacturing methods and processes, treatments, chemical compositions, plant layout and tooling. To the extent this is a purchase order for consulting services, consultant does hereby assign to Purchaser, all rights, title and interest in and to any and all ideas, invention, improvements, materials, copyrightable materials or the like, conceived or made by Seller as a result of or relating to work performed hereunder. Such assignment includes all proprietary rights appurtenant thereto and Seller will sign any documents necessary to confirm such assignment.