

PURCHASE ORDER – GENERAL TERMS AND CONDITIONS

1. ACCEPTANCE OF ORDER

Performance of all or any portion of the Services, or shipment by Seller of all or any portion of the Goods, covered by this Order shall constitute an acceptance of this Order upon the terms and conditions contained in this Order. Additional terms and conditions specified in Seller's quotation form, acknowledgement form or invoice shall not apply to this Order.

2. MODIFICATION OF AGREEMENT

No modification of this Order, or waiver of, or addition to any of this Order's terms and conditions, shall be binding upon Buyer unless made in writing and signed by the Buyer's authorized representative.

3. PACKING AND SHIPPING

All Goods are to be suitably prepared for shipment and must be packed and shipped in accordance with Buyer's specifications. No charge shall be made for packing except as stated otherwise in this Order. Material shipped in advance of releases or shipping dates specified in the Order, or in excess of the quantity ordered, shall be at Seller's risk and may be returned to Seller. If the goods are not shipped in accordance with the Buyer's directions and the instructions set out in this order Seller shall pay or reimburse Buyer, as the case may be, for any excess cost occasioned thereby.

4. DELIVERY

Delivery must be effected within the time specified in this Order but neither party shall be liable for any default under this paragraph due to unforeseeable contingencies beyond its control and without its fault or negligence. Seller's default shall not be excused, however, unless written notice of any such contingency is given to Buyer within five (5) days of the occurrence thereof.

If the delivery date specified in this Order is marked "as scheduled", Buyer will issue from time to time shipping schedule authorizations specifying shipping dates, quantities and destination. If Seller is unable to make shipments as specified in the schedule authorization, Buyer must be notified before the specified date.

5. PAYMENT

Unless otherwise agreed or otherwise stated on the face of this Order, net invoices shall be paid within 45 days after the date of invoice or 45 days after the date of delivery of the goods, whichever is later.

6. WARRANTIES

Seller warrants that all the Goods and Services, including without limitation in the articles, material, supplies, work and services including any special tools, dies, jigs, patterns, machinery and equipment obtained at Buyer's expense for the performance of this Order and which are to be the property of the Buyer, will conform to applicable drawings, specifications, samples and other descriptions furnished, specified or adopted by the Buyer and will be merchantable, of good material and workmanship and will be free from defects if the Goods are not ordered to Buyer's specifications Seller further warrants that they will be merchantable and fit and sufficient for the purpose intended. Seller further warrants that it has good title to sell the Goods to Buyer free and clear of all liens, charges or claims of any nature whatsoever.

7. DEFECTIVE GOODS

If any of the Goods fail to meet the warranties contained in Paragraph 6, Seller, upon notice thereof from Buyer at any time within twelve (12) months after delivery to Buyer, shall promptly correct or replace the same at Seller's expense. Seller's warranty shall apply to corrected or replaced Goods until twelve (12) months after the date of re-delivery to the Buyer. If Seller shall fail to correct or replace the defective or non-conforming Goods, Buyer may cancel this Order as to all such Goods and in addition, may cancel the then remaining balance of this Order. After notice to Seller, all such Goods will be held at Seller's risk. Buyer may, and at Seller's direction, shall return such Goods to Seller at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller. Any payment for such Goods shall be refunded by Seller unless Seller promptly corrects or replaces the same at its expense.

8. CHANGES

I. Buyer reserves the right to make changes in the drawings, specifications and other provisions of this Order. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the effort under this Order, an equitable adjustment shall be made in the price or delivery schedule, or both, and this Order shall be modified in writing accordingly. Any claim hereunder shall be asserted within thirty (30) days of the notification of change by Seller. II. The Seller shall give the Buyer advance notice in writing of all specifications, design, part numbers and other identification changes as well as major changes in process procedure, of changes in the location of the manufacturing plant, made by the Seller applying to Goods covered by this Order.

9. MATERIAL, EQUIPMENT, TOOLS AND FACILITIES

I. Unless otherwise agreed in writing, Seller will supply at its own expense all material, equipment, tools, jigs, dies, patterns, drawings, specifications, samples and facilities required to perform this Order. All material, equipment, tools, jigs, dies, patterns, drawings, specifications, samples and facilities (referred to in this Order as Items) furnished to Seller by Buyer or specifically paid for by Buyer, and any replacements thereof, or any materials affixed or attached thereto, shall be and remain the property of, with the right of possession in, the Buyer, and Seller shall use said Items only in the performance of work for the Buyer and not otherwise. All such Items while in Seller's custody or control and while in the custody or control of Seller's suppliers shall be held at Seller's risk, shall be kept insured by Seller at Seller's expense against loss or damage in an amount of equal to the cost of replacement and shall be subject to removal at Buyer's written request, in which event Seller shall, at its expense, prepare such items for shipping and shall deliver to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted. Seller shall promptly notify Buyer of the location of such items if such items are located in any place other than at Seller's plant. Except as otherwise provided in this Order, Seller shall maintain accountability and property control records of such items in accordance with sound industrial practice. Seller shall, at its expense, maintain all such Items in good condition and repair, replacing any such Items if necessary. Buyer does not warrant the accuracy of such Items which it furnishes and all material, supplies and services must be in strict accordance with the specifications set forth in this Order. Upon completion or termination of this Order, all such Items furnished or specifically paid for by the Buyer shall be retained by the Seller at its expense, until disposition directions are received from Buyer.

Buyer acquires title to and the right to possession of special tooling, the cost of which is fully or substantially amortized in the price of the articles purchased.

10. PATENT AND OTHER INDEMNITY

I. Seller shall hold and save Buyer and its affiliated corporations and their customers, harmless from loss and/or liability of any nature or kind arising out, or existing because, of the infringement or alleged infringement of any patent, trademark, copyright, industrial design or process of manufacture for or on account of the manufacture, sale or use of any Goods furnished under this Order, except in the case where compliance by Seller with specifications prescribed by and originating with Buyer constitutes the sole basis of the infringement or alleged infringement. Buyer shall notify Seller in writing of any suit filed against it or its or its affiliated corporations, or their customers, on account of any such infringement or alleged infringement and at Seller's request shall give Seller control of the defense of such suit, insofar as Buyer has the authority to do so and information and assistance for the same, all at Seller's expense. Buyer and the party against whom the suit is brought may be represented by their own counsel in any such suit.

II. Buyer shall defend, at its expense, any suit brought against Seller for the infringement or alleged infringement of any patent, trademark, copyright, industrial design, or process of manufacture for or on account of the manufacture or sale of any Goods furnished under this Order, and shall pay all damages and costs awarded therein against the Seller, in any case where compliance by Seller with specifications prescribed by and originating with Buyer constitutes the sole basis of the infringement or alleged infringement, if notified in writing and given authority, information and assistance, at Buyer's expense, for the defense of same.

11. DESIGNS, DRAWINGS AND DATA

Buyer retains all rights in designs, drawings and other data furnished Seller by Buyer and no such designs and drawings and other data shall, without Buyer's specific written permission to Seller, be reproduced or in any way used in whole or in part, in connections with goods furnished to others. The term "data" includes without limitation, drawings, reproductions, specifications, engineering instructions, photographs, reproducible copy, parts lists, plans, reports and computations.

12. QUALITY CONTROL AND INSPECTION

I. All items and workmanship utilized in the performance of this order will be subject to inspections and test by Buyer and its customers to the extent practicable at all times and places including the period of manufacture, if any such inspection or test is made on Seller's premises, Seller will provide without additional charge, all reasonable facilities and assistance for sale and convenient inspections and tests. Inspection and approval at Seller's plant does not preclude rejection of any defects subsequently discovered. Seller will provide and maintain without additional charge a test and inspection system acceptable to Buyer covering the items and workmanship hereunder.

II. At Buyer's option the Buyer may make a surveillance of the Seller's inspection, quality control and reliability procedures as well as the data supporting same. Seller shall comply with the latest revisions of Buyer's Quality Control Specifications and Inspection Standards, as supplied by Buyer to Seller from time to time. Seller will, if requested by Buyer, furnish a certificate indicating such compliance.

III. Acceptance of the Goods by Buyer shall not relieve Seller from any of its obligations and warranties under this Order. In no event shall payment be deemed to constitute acceptance.

13. CANCELLATION ON ACCOUNT OF INSOLVENCY

Either party may cancel this Order without liability in the event of insolvency, bankruptcy, reorganization, arrangement, receivership or liquidation by or against the other party or if either party makes an assignment for the benefit of creditors or ceases to carry on business in the ordinary course.

14. TERMINATION

I. (A) Buyer may terminate this Order in whole or in part at any time by written or telegraphic notice stating the extent and effective date of such termination. Upon receipt thereof, Seller will to the extent directed by Buyer:

(i) Stop work under this Order and place no further orders hereunder,

(ii) Terminate work under outstanding orders which relate to work terminated by such notice, and

(iii) Protect property in Seller's possession in which Buyer has or may acquire an interest.

Seller will submit to Buyer its claim, if any, as soon as possible, but in any event not later than thirty (30) days (unless Buyer agrees otherwise) from the effective date of termination. Seller hereby gives Buyer the right to audit and inspect its books, records and other documents relating to its termination claim. Unless otherwise authorized in writing by Buyer, Seller shall not make commitments for materials or fabricate in advance of this time necessary to permit shipment on delivery date. Buyer shall in no event be liable or responsible for any such costs or amounts incurred by Seller in breach of this provision. (B) If the parties cannot agree within a reasonable time upon the amount of fair compensation for such termination, Buyer will in addition to making prompt payment of the contract price for the Goods and Services delivered or performed and accepted by the Buyer prior to the effective date of termination pay to the Seller the following amounts without duplication:

(i) The contract price for Goods completed or Services performed in accordance with the provisions of this Order but not previously paid for, and

(ii) The actual costs incurred by Seller and properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this Order.

(C) Seller may, with Buyer's consent, retain at an agreed price or sell at an approved price any completed Goods, work in progress or other physical inventory the cost of which is allocable or apportionable to this Order under paragraph (B) (ii) above, and will credit or pay the amounts so agreed or received as Buyer directs, with appropriate adjustments for delivery cost savings. Seller will, if directed by Buyer, transfer title to and make delivery of any Goods, work in progress or other physical inventory not so retained or sold.

II. Buyer reserves the right to terminate this Order in whole or in part for default occasioned by failure on the part of Seller to perform in accordance with the requirements of this Order. Such termination will be without liability except for completed Goods delivered or Services performed and accepted by Buyer. Seller will be liable for damages caused by or resulting from its default.

15. ASSIGNMENT

Seller will not assign this Order or any portion thereof or work hereunder or any interest therein except to the extent that Seller may, upon the prior written consent of Buyer, make an assignment of monies due or which may become due hereunder to a bank, trust company or other financial institution; provided any such assignment shall be subject to setoff, recoupment or any other lawful means of enforcing any present or future claim or claims which Buyer may have against Seller, and provided further such assignment will not be made to more than a single assignee. In the event of any such assignment, Seller will file, in addition to the written notice of the assignment, a true copy of the instrument of assignment with Buyer. Buyer shall have the right to assign this Order or its interest therein in to any affiliated person, firm or corporation or to any corporation succeeding to Buyer's business.

16. INDEMNIFICATION AND INSURANCE

I. Seller shall if it enters upon the premises owned or controlled by Buyer, indemnify and save harmless Buyer, its employees, agents and invitees from and against all liability, demands claims, loss, cost, damage and expense by reason or on account of property damage, death and personal injury of whatsoever nature or kind arising out of, as a result of or in connection with the performance of this Order which is occasioned by Seller's actions or omissions. Seller shall maintain and carry General Liability insurance including but not limited to public liability, property damage liability, product liability and contractual liability coverages, worker's compensation and employees liability insurance covering all employees engaged in the performance of this Order, in amounts satisfactory to and in companies approved by Buyer covering the Goods under this Order.

II. Seller agrees to defend, protect, and hold harmless Buyer, its successors, agents, and dealers against any and all claims for personal injury, property, consequential or special damages resulting from improper or defective material, workmanship, design or Seller's failure to comply with Paragraph 19, but only if Seller is promptly notified in writing of any such claim and given the right to defend, settle, or otherwise dispose of such claim through counsel of its own choosing. Buyer shall cooperate in the investigation and defense of any such claim or suit. Seller's obligation shall not extend to or include, claims resulting from the use of any Goods in combination with unsuitable goods not furnished under this Order or from an unauthorized modification or alteration of the Goods.

III. Except as provided otherwise in the paragraphs on patents and other indemnity, in no case shall Buyer indemnify or hold harmless Seller against any and all claims for personal injury, property, consequential or special damages resulting from improper or defective material, workmanship or design in Goods purchased from Seller under this Order.

17. TAXES

Unless otherwise stated in this Order prices include all Federal, Provincial and local taxes applicable to the sale of any Goods or provision of any Services.

18. DELAY AND NOTICE

If Seller shall fail or refuse to proceed with this Order, or if Seller shall fail to make delivery, or Buyer to accept delivery, according to the delivery schedule, the other party may cancel the then remaining balance of this Order unless the delay is an excusable delay as subsequently defined. An excusable delay shall not constitute a default hereunder. The term "excusable delay" as used in this paragraph means any delay in making or accepting of deliveries which results without fault or negligence on the part of the party involved and which is due to causes beyond its control including, without being limited to acts of God or of the public enemy, any preference, priority or allocation order issued by the Government or any other act of the public enemy, any preference, priority or allocation order issued by the Government or any other act of the Government, act of the other party hereto, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather, and delays of supplies due to such causes. Whenever an actual or potential excusable delay is delaying or threatens to delay performance of this Order, each party shall immediately give notice thereof to the other party. Such notice shall include all relevant information with respect to such excusable delay. Seller agrees to insert the substance of this clause in all purchase orders issued under this Order.

19. COMPLIANCE WITH LAWS

I. Seller warrants compliance with all Federal, Provincial, and local laws, ordinances, rules and regulations and all amendments thereto, that are applicable to this Order and will furnish Buyer certificates of such compliance where required thereunder or by Buyer. It is also agreed that each invoice rendered to Buyer under its Order shall constitute written assurance that the Seller has fully complied with the applicable laws, regulations and so forth.

II. Seller shall package and label the Goods and their containers, in particular those which constitute a health, poison, fire, or explosive hazard, in accordance with all applicable Federal, Provincial, WHIMIS, and local packaging and labeling laws and regulations in effect in the place to which the Goods are shipped or as specified otherwise by Buyer.

20. REMEDIES

No remedy provided herein shall be deemed exclusive of any remedy allowed by law.

21. TRANSPORTATION CHARGES

When terms of delivery or conditions of contract are f.o.b. Buyer's plant, all transportation charges (including terminal switching service) must be at the expense of the Seller in accordance with the tariffs of the transportation lines and railroad companies as lawfully in effect at the time the shipments are moved or the service is performed. No charges shall be made for parking except as stated in this Order.

22. FREIGHT/RATES, CUSTOMS DUTIES IMPORT TAXES, EXCISE TAXES AND SALES TAXES

Any reductions in Seller's costs resulting from a reduction in the foregoing from those in force or the data of this Order is to be paid to Buyer by Seller in reduction of the price of Goods ordered.

23. GOVERNING LAW: This Order shall be interpreted and enforced in accordance with the laws of the Province of Ontario and Canada.

THIS ORDER EMBODIES THE ENTIRE AGREEMENT BETWEEN THE BUYER AND THE SELLER, AND NO UNDERSTANDING OR AGREEMENTS, VERBAL OR OTHERWISE, IN RELATION THERETO EXIST BETWEEN THEM, EXCEPT AS EXPRESSLY SET FORTH IN THIS ORDER. BUYER SHALL NOT BE DEEMED TO HAVE WAIVED ANY OF THE ORDER TERMS AND CONDITIONS IF IT FAILS TO OBJECT TO THE CONDITIONS APPEARING IN, INCORPORATED BY REFERENCE OR ATTACHED TO SELLER'S QUOTATIONS, ACKNOWLEDGEMENTS OR OTHER ACCEPTANCES OF THIS ORDER.