

Supplier Terms and Conditions

Clause 1. Delivery. Delivery must be effected within the time stated on this order, but neither party shall be liable for any default hereunder due to unforeseeable contingencies beyond its control and without its fault or negligence. Seller's default shall not be excused unless written notice of any such contingency is given to Buyer within five (5) days of the time that Seller first receives knowledge of the occurrence thereof.

Clause 2. Warranties. Seller warrants that all articles, materials and work will conform with applicable drawings, specifications, samples and/or other descriptions given to Seller, and will be free from defects. Without limitations of any rights which Buyer may have at law by reason of any breach of warranty, goods which are not as warranted may, at any time within nine months after delivery, be returned at seller's expense for either credit or replacement as Buyer may direct.

Clause 3. Material, Equipment and Insurance. Unless otherwise specified, Seller is to supply all material and equipment required to execute this order. Any material which Buyer may furnish, on other than a charge basis will be on consignment, and Seller shall pay for such material spoiled by Seller, or not otherwise satisfactorily accounted for. All material and equipment furnished by Buyer shall be protected against loss or damage by insurance acceptable to Buyer.

Clause 4. Our Design. Buyer retains all rights in designs and drawings furnished Seller in confidence in connection with this order and no such design or drawing shall without Buyer's written permission, be incorporated in, or used in connection with goods furnished to others.

Clause 5. Cancellation on Account of Insolvency. Either party may cancel this order in the event that the other party becomes bankrupt or insolvent or makes an assignment for benefit of creditors.

Clause 6. Patent Guarantee. Seller shall, with respect to any device or composition of Seller's design or Seller's standard manufacture, indemnify and hold harmless Buyer, its customers and agents, from costs and damages as finally determined by any court of competent jurisdiction for infringement of any United States letters Patent, by reason of the sale or normal use of such device or composition, provided that Seller is promptly notified of all such actual or potential infringement suits, and is given full and exclusive control of the defense thereof by Buyer.

Clause 7. Assignment. Any assignment of monies due or which may become due under this order shall be subject to set-off, recoupment or other lawful means of enforcing any present or future claim or claims which Buyer may have against Seller, and shall not be made to more than a single assignee. This provision shall not be construed as permitting the assignment of Seller's obligation to perform hereunder.

Clause 8. Changes in Drawings, Specifications. Buyer reserves the right to make changes in the drawings and specifications relating to this order. If any such change causes a substantial variation in the cost of furnishing the goods covered hereby, the price of such goods shall be varied in the same ratio. Any claim hereunder shall be asserted promptly.

Clause 9. Termination Clause. (a) The Buyer may terminate work under this order in whole or in part at any time by written or telegraphic notice. Such notice shall state the extent and effective date of such termination: and, upon the receipt thereof, the Seller will, as and to the extent directed by the Buyer, stop work under this order and the placement of further orders or subcontracts hereunder, terminate work under orders and subcontracts outstanding hereunder, and take any necessary action to protect property in the Seller's possession in which the Buyer has or may acquire an interest. (b) If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to the Seller

Supplier Terms and Conditions

for such termination, the Buyer in addition to making prompt payment of amounts due for articles delivered or services rendered prior to the effective date of termination, will pay to the Seller the following amounts without duplication: (1) The contract price for all articles or services which have been completed in accordance with this order and not previously paid for (2) (1) The actual costs incurred by the Seller which are properly allocable or apportionable under recognized commercial accounting practices to the terminated portion of this order, including the cost of discharging liabilities which are so allocable or apportionable, and (ii) a sum equal to two percent of the part of such costs representing the costs of articles or materials not processed by the Seller, plus a sum equal to eight percent of the remainder of such costs, but the aggregate of such sums shall not exceed six percent of the whole of such costs. For the purpose of subdivision (ii) such costs shall exclude any charge for interest on borrowings and shall exclude the cost of discharging liabilities for parts, materials and services not received by the Seller before the effective date of termination. (3) The reasonable costs of the Seller in making settlement hereunder and in protecting property in which the Buyer has or may acquire an interest. Payments made under this paragraph (b), exclusive of payments under subparagraph (3) shall not exceed the aggregate price specified in this order, less payments otherwise made or to be made. (c) With the consent of the Buyer, the Seller may retain at an agreed price or sell at an approved price any completed articles, or any articles, materials, work in process or other things the cost of which is allocable or apportionable to this order under paragraph (b) (2) above, and will credit or pay the amounts so agreed or received as the Buyer directs. As directed by the Buyer, the Seller will transfer title to, and make delivery of many such articles, materials, work in process or other things not so retained or sold. Appropriate adjustment will be made for delivery costs or savings therein. (d) The provisions of this article shall not limit or affect the right of the Buyer to terminate this order for the default of the Seller. (e) If, prior to the determination of the amount due hereunder, the Seller shall request of the Buyer in writing an equitable adjustment in the price or prices specified herein for work not terminated, an appropriate, fair and reasonable adjustment shall be made in such price or prices.

Clause 10. Use of Superior Thread Rolling Co. Tooling Does Not Excuse Vendor From Furnishing Parts to Print.

Clause 11. Acceptance of Terms by Shipment. Shipment of all or any portion of the goods covered by this order shall be deemed an acceptance of this order upon the terms and prices set forth herein.

Clause 12. Inspection. All goods furnished hereunder shall be subject to inspection and test by Superior Thread Rolling Co.

Clause 13. Seller warrants and affirms that price charged hereunder will not exceed those permitted or required under applicable price laws or regulations.

Clause 14. Backorders. Superior Thread Rolling may elect to withhold payment of a partial shipment when a backorder occurs until all item numbers have been received in full.

Clause 15. Entry, Audit and Inspection. Seller agrees that its plant, books and records so far as they relate to the performance and costs of this or a related order, shall at all practical times be subject to review, inspection and audit by regulatory agencies, Superior Thread Rolling customers and/or any authorized representative of the buyer. In the event that this order is placed under a government contract, any authorized representative of the United States Government shall also have the same rights of entry, audit and inspection as provided herein.