

# LYON GEAR AND MACHINE, INC.

1. Acceptance of Contract. This order becomes a contract subject to the terms and conditions set forth herein when accepted by acknowledgement or commencement of performance by Seller. No change in modification of, or revision of this order or the terms and conditions hereof, shall be valid unless agreed to in writing by Lyon Gear and Machine, Inc. hereinafter called the "Buyer". The failure of Buyer to actively reject orally or in writing, any conflicting or contradictory terms contained in any document forwarded by Seller to Buyer subsequent to this Purchase Order shall not be deemed to be an assent to such terms.
2. Prices. If a specific price for the goods has been quoted to Buyer by a representative or agent of Seller or if a price previously established by Seller has been set forth for the goods on the face of this order, such price shall be the price of the goods and the full extent of Buyer's liability for the goods, unless a different price is agreed to in writing by Buyer. Seller warrants that the prices for the goods are not less favorable than those currently extended to any other customer for the same or like articles in equal or less quantities. In the event Seller establishes or offers a lower price for the sale of such articles in such quantities, either generally or for any one sale to any other customer, from the date of acceptance of this order to the date the goods are invoiced to Buyer, Seller agrees to reduce the prices hereof correspondingly.
3. Extra Charges. No additional charges of any kind, including charges for boxing, packing, or cartage, taxes, import or export duties, excises, or other extras, will be allowed unless specifically agreed to in writing in advance by Buyer.
4. Taxes. Seller's prices shall exclude any Federal, state or local sales, use or excise taxes levied upon, or measured by the sale, the sales price or use of the goods. All such taxes, lawfully applicable, shall be listed separately on Seller's invoice. If such applicable taxes are not separately listed, Seller assumes responsibility for the payment of them, and shall indemnify and hold Buyer harmless from any and all liability in connection with such taxes. Tax exemption certificates or other evidence of exemption, furnished by Buyer, and shall be accepted by Seller in lieu of such taxes.
5. Delivery. Deliveries are to be made both in quantities and at times specified herein. On time delivery is 3 days before and zero days after the due date. Buyer reserves the right at any time to cancel and void this order or any part thereof without liability if delivery is not made within the time specified on the order, which is of the essence, or within the time mutually agreed upon or if unspecified, within a reasonable time. If shipments are late seller is responsible for all freight costs. In the event of a line shutdown fee or late fees charged to the buyer from their customer, because of late shipments or quality issues caused by the seller. The seller will be responsible for 100% of these fees.
6. Transportation and Packaging. If the goods are not packaged, marked, shipped and routed in accordance with Buyer's direction and the instructions set out in this order, Seller shall pay to Buyer any excess cost occasioned if thereby.
7. Title and Risk of Loss. Except as otherwise expressly, provided herein, title to and the risk of loss on all the goods shipped by Seller to Buyer shall not pass to Buyer until Buyer's inspection and acceptance of such goods at Buyer's warehouse or job site specified.
8. Acceptance of the Goods and Inspection. Acceptance of the goods shall take place at the time when such goods have been delivered to Buyer and have passed Buyer's inspection and tests. Inspection and test of the articles by Buyer may at Buyer's option be made at Seller's plant and/or the point of destination. Acceptance of all or any part of the goods by Buyer shall not relieve Seller from any of its obligations and warranties hereunder, nor will acceptance of any part of the order bind the Buyer to accept future shipments or deprive Buyer of any right which it may have to return goods already accepted. Acceptance of all or any part of the order shall not be deemed a waiver of the Buyer's right either to cancel or to return all or any portion of the goods because of failure to conform to the order or by reason of defects, latent or patent, or

other breach of warranty, or to make any claim for damages, suffered by the Buyer as a result of any default of the Seller or the Seller's products or performance. In no event shall payment be deemed to constitute acceptance.

If inspection discloses that any part of the goods received is not in accordance with Buyer's specifications or if any of the goods fail to meet the warranties contained in Paragraph 10 hereof, Seller, upon notice thereof from Buyer, shall promptly correct or replace the same at Seller's expense. If Seller shall fail so to do, 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 and handling 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. Return of any defective material by Buyer shall not be deemed a waiver of any right or remedy which Buyer may have as a result of or in connection with the existence of such defect or defects.

9. Payment. Payment shall be made according to the terms set forth on the face of this order. Unless otherwise agreed, invoices shall be paid within 30 days after the receipt of the invoice or of the goods by Buyer, whichever is later. It is understood that the cash discount period will date from the receipt by Buyer of the goods or of the invoice, whichever is later. C.O.D. shipments will not be accepted.

10. Warranties. Buyer shall have the right to all Buyer's remedies and Seller's warranties to the fullest extent provided under the Uniform Commercial Code, including, but not limited to warranties or merchantability and fitness, and such remedies and warranties shall survive inspection, tests, acceptance and payment.

11. Indemnification. Seller shall indemnify and hold Buyer harmless against all loss on account of claims of injuries to persons or damage to property based in whole or in part upon a defect in the goods or from any act or omission of Seller, its agents, employees and subcontractors. Further, Seller agrees to indemnify and hold harmless the Buyer, its successors and assigns, against any and all claims, liabilities, costs and expenses (including, but not limited to, court costs, attorneys' fees, inspectors' fees, or costs of testing) incurred by Buyer in connection with or related to any recall, inspection, tests, replacement or correction of the goods or any and all parts or equipment in which the goods are incorporated when such recall, inspection, tests, replacement or correction result from or are related to, in whole or in part, a defect or alleged defect in the goods.

12. Excess Goods. Except for customary quantity variations recognized by trade practice, goods in excess of those specified need not be accepted by Buyer and any such goods not accepted will be held at Seller's risk. Buyer may, and at Seller's direction shall, return such goods at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.

13. Changes. Buyer shall have the right by written notice to cancel, suspend or change from time to time the goods and services to be furnished by Seller hereunder.

Upon the receipt of such notice, Seller shall immediately comply with the notice and adjust operations in connection with this order accordingly. All costs and expenses relating to this order and incurred by Seller subsequent to the receipt of such notice, which would not have been incurred if Seller had complied with such notice, shall be the sole responsibility of Seller.

In the event of cancellation of this order, Buyer shall be responsible and liable only for the price of the goods accepted prior to such notice plus the actual and reasonable costs incurred by Seller prior to notice of cancellation with respect to the goods cancelled.

In the event of suspension of this order, Buyer shall be responsible and liable only for the price of goods eventually accepted. Any increase in the price of such goods shall be subject to the prior approval of Buyer.

In the event of any cancellation, suspension or modification of this order, Seller shall not be entitled to, nor shall Buyer be responsible or liable for, anticipatory profits or consequential damages.

14. Default. Buyer reserves the right, by written notice, to cancel this order without liability to Buyer in the event of, (i) insolvency of Seller, (ii) the filing of a voluntary Petition in Bankruptcy by Seller, (iii) the filing of an involuntary petition to have Seller declared bankrupt, (iv) the appointment of a Receiver or Trustee for Seller, (v) or the execution by Seller of an Assignment for the Benefit of Creditors. If Seller fails to perform, or breaches any of the terms, Buyer reserves the right, immediately upon such failure of performance or breach and without any liability to Buyer (i) to cancel this order in whole or in part by written notice to Seller; or (ii) after notifying Seller of such failure or breach and of Buyer's intent to exercise such right, to obtain the goods from another source, with any excess costs resulting therefrom, chargeable to Seller. Seller shall be liable for Buyer's damages in connection with such breach or failure to perform including consequential damages reasonably foreseeable by Seller or of which Seller was apprised by Buyer; provided, however, the Seller shall not be responsible for delays or defaults occasioned by fires, Acts of God, wars or riots, but in the event of such occurrence, Buyer reserves the right to cancel this order without liability of any kind.

15. Patent Indemnification. Except when Buyer supplies all specifications for the goods, Seller should hold and save Buyer, its successors, assigns, customers and users harmless from loss and/or liability of any nature of kind arising out of or existing because of the infringement or alleged infringement of any patent for or on account of the manufacture, sale or use of any goods furnished hereunder. Furthermore, in the event that Buyer should be enjoined in a suit or proceeding from using any part of the goods delivered hereunder, Seller, at its option, shall promptly either: (a) secure termination of the injunction or liability; or (b) replace said goods with non-infringing goods or modify them to become non-infringing, all at Seller's expense. The provisions of this paragraph shall not apply to the Buyer's use of any of the goods delivered hereunder in combination with other materials or in the practice of any process, or to infringement by reason of such use.

16. Special Tools. Unless otherwise stated, all special drawings, patterns, tools, dies, jigs, machinery and equipment needed by Seller for the performance of this order shall be obtained by Seller at its own expense and shall be the property of Seller. "Confidential Information" means any information disclosed by either party to the other party, either directly or indirectly, in writing, orally or by inspection of tangible object, including without limitation documents, prototypes, samples, plant and equipment, research, product plans, products, services, customer lists, software, developments, inventions, processes, designs, drawings, engineering, hardware configuration, marketing materials or finances, if it is designed as "Confidential," "Proprietary" or some similar designation. Information communicated orally shall be considered Confidential Information.

17. Compliance with Laws. Seller shall, in the performance of work under this order, fully comply with all applicable Federal, State and local laws and regulations, and shall indemnify and hold Buyer harmless from any costs, loss or liability resulting from Seller's failure of compliance.

18. Assignment. Seller shall not assign or transfer this order or any interest therein or monies payable thereunder without the written consent of the Buyer, and any assignment or transfer made without such consent shall be null and void.

19. Remedies. The remedies provided Buyer herein shall be cumulative and in addition to any other remedies provided by law or equity. A waiver of a breach of any provision hereunder shall not constitute a waiver of any other breach.

20. Applicable Law. The contract resulting from the acceptance of this order shall be governed by and construed according to the laws of the State of Michigan.

21. Supplier shall have a goal of compliance to IATF 16949. Conformity with ISO 9001 is the first step in achieving this goal.