

## TERMS AND CONDITIONS OF PURCHASE

The following Terms and Conditions shall be a part of the agreement and contract between PCT Engineered Systems, LLC as Buyer and you as Seller.

1. ACCEPTANCE AND MODIFICATIONS. This order, whether or not issued with reference to a quotation or proposal of Seller, shall constitute an offer. Acceptance by Seller is expressly limited to the terms and conditions hereof and may be evidenced by commencement of performance. No changes or modifications in the Order shall be valid unless confirmed in writing by Buyer.
2. SPECIFICATIONS AND DRAWINGS. All specifications, drawings, and data submitted to Seller are hereby incorporated herein and made a part hereof.
3. PACKING AND CARTAGE. No charge for packing and cartage will be allowed except as stated herein.
4. CONSIGNMENT. Machinery, tools, equipment, jigs, dies, patterns, drawings, specifications, and samples furnished to Seller by Buyer on other than a charge basis shall be held by Seller upon consignment, and upon the completion of the order shall be returned to Buyer or otherwise satisfactorily accounted for. Seller, at its expense, shall insure all such items for the reasonable value thereof against loss or damage of any kind.
5. TERMINATION. Buyer may terminate this order for its convenience, in whole or in part, by written or telegraphic notice at any time. Buyer reserves the right to cancel all or any part of this order which has not actually been shipped, if Buyer's business is interrupted because of strike, labor, disturbance, lockout, riot, fire, act of God or any cause beyond Buyer's control.
6. QUALITY. Seller guarantees that all items (goods and services) supplied will conform to Buyer's order and will be of good workmanship, merchantable, fit and sufficient for the particular purpose and free from defect and liens. Buyer may inspect and test, and may demand immediate replacement and return such rejected goods at Seller's expense, hold pending Seller's instructions, effect cover, or pursue any other alternative remedy. Buyer has no obligation to pay the purchase price until the goods and services conform.
7. INSPECTION AND ACCEPTANCE. 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. At the Buyer's option the Buyer may make a surveillance of the Seller's inspection, quality and reliability procedures as well as the data supporting it. Seller agrees to allow a reasonable time after receipt, or installation if installation is required, of the items ordered for testing. Acceptance of the goods by Buyer shall not relieve Seller from any of its obligations and warranties hereunder. In no event shall payment be deemed to constitute acceptance.
8. WARRANTY DURATION: SELLER will provide an "extended pass through" warranty to BUYER's Customer. If the component is covered by a limited warranty, the warranty period will not start until the entire system has been accepted by the PCT's Customer. This clause allows time for integration, checkout and startup at the customer's facility. BUYER will notify the SELLER when the system has been accepted.
9. OTHER COVENANTS. Any items or materials furnished to Seller by Buyer shall be kept segregated and marked so as to identify them clearly as the property of Buyer. All such items or materials furnished to Seller shall be used exclusively in production for Buyer. Buyer has the option at any time to reimburse Seller for the cost, less normal depreciation, and become the owner and entitled to possession of the whole or any part of special tools, patterns, jigs, dies, and fixtures made by the Seller for items ordered by Buyer.
10. INSOLVENCY. If Seller becomes insolvent or makes an assignment for creditors, or if a petition in bankruptcy is filed by or against it, or if a receiver is appointed for it, or if at any time in the sole judgment of Buyer, Seller's condition shall be such as to endanger its performance, Buyer may cancel all, or any part of, this order upon notice to Seller.
11. NONCOMPLIANCE. If Seller fails to comply with any of these terms and conditions, then Buyer shall have the option to cancel immediately all or any part of the order. Such cancellation shall not be deemed a waiver by Buyer of its right or remedies for any breach by Seller.
12. ASSIGNMENT. This order and contract shall not be assigned by Seller, except with the prior written consent of Buyer.
13. APPLICABLE LAWS. It is a condition of this contract and the Seller certifies that it has complied with all of the provisions of all applicable federal, state, and local laws, and all rules, regulations, and orders issued thereunder, in the manufacture or production and sale of the items specified herein.
14. DELIVERY. If a F.O.B. point is not specified, the price stated is F.O.B. Buyer's plant.
15. ESSENCE. Time shall be of the essence in the performance of this order. In the event of nonconformity, non-delivery, partial delivery, or late delivery, Buyer may at its option, cancel this contract or replace the items in the open market after due notice and recover from Seller the anticipated profit or difference between the market price at the time of replacement and the contract price, whichever is greater.
16. INDEMNITY. Seller agrees to defend, indemnify and save harmless Buyer against any and all liability or costs, expenses, fees, or actual, punitive, consequential and special damages due, or arising from, claims, citations, injuries, or damage to any person (including death), entity, or property, or from a delay or infringement and also arising out of the sale, transportation, or use by Buyer or its customers of the items furnished by Seller hereunder. Seller shall procure and maintain insurance in sufficient amounts to conform to this requirement and when possible name Buyers as an additional insured under the policy. The duty to defend exists unless to sole cause of the injury or condition complained of is Buyer's fault. Failure to insure Buyer will constitute a contract to indemnify and save harmless Buyer even for its own negligence or fault. Seller further agrees to indemnify and save harmless Buyer from and against any and all liability, claims, and costs incurred by Buyer responding to or complying with the requirements of the Iowa federal or city environmental authorities when caused in whole or in part by Seller's negligence, fault, or breach of the Terms and Conditions.
17. HAZARDOUS SUBSTANCE. Seller warrants and represents to Buyer that none of the items transferred or to be transferred by Seller is, nor contains, a "hazardous substance" as said term is defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601(14). In the event that Buyer incurs any liability, cost or obligation due to a breach of said warranty and representation, Seller agrees to indemnify and hold Buyer harmless from all such liabilities, costs, and obligations.
18. INDEPENDENT CONTRACTOR. If this purchase order covers services, then Seller shall act as an independent contractor in providing all such, and shall full control of the work involved and of the work site, including the duties to brief all workers on site and workplace conditions, to supervise them, and to comply with all laws and regulations covering their safety. If any services are to be provided on Buyer's premises, Seller shall familiarize itself and all workers with the site conditions before any work is begun.
19. OTHER SUBCONTRACTORS. If Seller contracts with others to perform part of this contract, Seller will require each such subcontractor to agree to these Terms and Conditions, to the extent applicable to them, and will be responsible for them and their workers in all respects.
20. REMEDIES AND WAIVER. The remedies of Buyer are cumulative and additional to any other or further remedies provided by law. No waiver of any breach shall constitute a waiver of any breach.
21. GOVERNING LAW. The provisions of the Purchase Contract, and any dispute relating to this transaction, shall be governed by the law of the State of Iowa.
22. SEVERABILITY. In the event any one or more of the provisions herein or any application thereof shall be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions herein and any application thereof shall not in any way be affected or impaired thereby.
23. ENTIRE AGREEMENT. This document (and those expressly incorporated by reference) constitutes the entire contract between the parties and supercedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter thereof. Any additional or inconsistent terms or conditions are not binding on Buyer unless agreed in writing.

Acceptance of this order constitutes an acceptance of the above TERMS and CONDITIONS.