

SMC, LTD. (SMC)
TERMS AND CONDITIONS OF PURCHASE ORDERS

1. ACCEPTANCE

SMC Purchase Orders (“Order(s)”) must be accepted in writing by SELLER by signing and promptly returning the Acknowledgment to SMC, but if for any reason SELLER fails to sign and return Acknowledgement, any conduct by SELLER that recognizes the existence of a contract pertaining to the subject matter of the Order, shall constitute Order acceptance by SELLER and these terms and conditions. Any terms proposed in SELLER's acceptance of SMC's Order or response to an offer that add to, vary from or conflict with the terms herein are hereby rejected. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties and may hereafter be modified only by written instrument executed by the authorized representatives of both parties.

2. PRICES; TERMS OF PAYMENT

2.1 The prices and terms of payment stated on the Order apply to all products delivered or services rendered hereunder. SMC shall have no obligation to honor invoices for products or services at any increased price unless such increases have been previously accepted in writing by SMC. No charges of any kind not stated on the Order will be allowed unless specifically agreed to by SMC in writing. All payments shall be conditional upon acceptance by SMC of the products or services called for under the Order. Any discount period begins on the date of actual receipt of invoice or when material is received by SMC, whichever is later.

2.2 Disputed Invoices. SMC reserves the right to return all incomplete or incorrect invoices. If SMC disputes the accuracy of any invoice submitted to it by SELLER, SMC shall pay that part of the invoice that is undisputed, and, after such dispute has been resolved, promptly pay any remaining balance then due.

2.3 Set Off. In addition to any other rights and remedies of SMC under this Agreement or otherwise arising in law or in equity, SMC may set-off or otherwise withhold from invoiced amounts owed to SELLER any amounts due to SMC by SELLER under this Agreement and any such set-off amount shall be treated as a “payment” under this Agreement.

3. TAXES

Any applicable federal, state or local taxes shall be stated separately on SELLER's invoice. The prices stated on the Order do not, nor will any invoice of SELLER, include any tax with respect to which an exemption is available, or for which SMC has furnished SELLER evidence of a lawful exemption. If any tax paid by SMC was not required to be collected by SELLER, SELLER agrees to notify SMC and to promptly pay such refund, including interest, if any to SMC.

4. DELIVERY

The obligation of SELLER to meet the delivery dates, specifications and quantities set forth in the Order is of the essence. Shipments in greater or lesser quantity ordered may be returned at SELLER's expense, unless written authorization is issued by SMC. If any of SELLER's deliveries fail to meet schedule, SMC, without limiting its other rights or remedies, may either direct expedited routing and charge any excess cost incurred to SELLER or cancel all or part of the Order in accordance with the default provisions hereof. Products that are delivered more than three (3) days in advance of schedule are delivered at the risk of SELLER and may, at SMC's option, be returned at SELLER's expense and/or SMC may withhold payment, after applying the agreed upon payment terms (days) to the date that the products were actually scheduled for delivery.

5. PACKING AND MARKING

Unless otherwise specified by SMC in writing, SELLER shall: (a) pack and mark the products covered by the Order so as to secure the lowest transportation rates, meet carrier requirements and assure arrival at "ship to" point free of damage and deterioration; (b) be responsible for the products until delivered at the designated f.o.b. delivery point; (c) mark products in accordance with specifications of the Order; and (d) unless waived by SMC, provide a certificate of conformance with each shipment of the Order. Damage discovered after transfer of title that is determined to be a result of faulty or inadequate packaging or handling by SELLER or shipping carrier shall be SELLER's responsibility. Unless otherwise provided, the price stated in the Order includes all charges and expenses with respect to containers, packing and crating, and for transportation to f.o.b. point. SELLER shall prepay all shipping charges, unless otherwise mutually agreed. Risk of loss shall remain with SELLER until products are delivered to the specified f.o.b. point.

6. INSPECTION

All products provided shall be subject to inspection and testing at all reasonable times and places, including during the period of manufacture and at the point of destination, notwithstanding prior payment by SMC. If any inspection or test is made on SELLER's premises, SELLER, without additional charge, shall provide reasonable facilities and assistance for the safety and convenience of SMC's representatives. Inspection may be performed, at SMC's option, on an appropriate statistical sampling basis. When defects exceed the allowable percent defective, the entire lot may be rejected or, at SMC's option, sorted at SELLER's expense. If any of the products are defective or otherwise not in conformity with the requirements of the Order, SMC, in addition to its other rights, may require prompt correction or replacement thereof by SELLER, or by SMC's designee at SELLER's expense, or a crediting of SMC's account. Any products rejected by SMC shall be at SELLER's risk and expense. The packing and handling expense incidental thereto and the applicable transportation costs and other charges will be charged to SELLER's account. Nothing herein shall release SELLER from the obligation to supply products and/or perform services per the mutually agreed upon specification and testing requirements.

7. WARRANTY

SELLER expressly warrants that all products and services provided hereunder conform in all respects to any samples, specifications, drawings and other descriptions furnished or adopted by SMC and will be merchantable and free from defects in material, design and workmanship. If SMC has furnished performance requirements for the products purchased hereunder, SELLER further warrants that such products shall be fit and sufficient for the purposes for which SMC intends them. In addition to any other remedies, SMC may reject products not conforming to the foregoing warranties, whether or not such products have been previously accepted by SMC or any prior payments have been made. SELLER agrees that the foregoing warranties shall survive delivery of, acceptance of and payment for the products or services provided hereunder and shall inure to the benefit of SMC, its successors, assigns and customers. SMC may, at its option, either return for credit or refund or require prompt correction or replacement of the nonconforming product(s). Return of products hereunder shall be at SELLER's expense (including any expenses and penalties incurred by SMC in recalling products delivered to SMC's customers). Delivery to SMC of corrected or replaced products shall also be at SELLER's expense. Products corrected or replaced shall be subject to all warranty and indemnification provisions of this Agreement in the same manner and to the same extent as products originally delivered under such Order.

8. COMPLIANCE

SELLER represents and warrants that it is in compliance, and all products and services provided will comply with, all laws, rules, regulations, standards, ordinances, and Executive Orders of the United States, all applicable state, local and foreign governments, and all applicable agencies of all of the foregoing, applicable to the manufacture, labeling, movement and/or sale of such products and services. Such laws, rules, regulations, standards, ordinances and Executive Orders include, but are not limited to, those enacted pursuant to the Occupational Safety and Health Act of 1970, as amended; the Fair Labor

standards Act of 1938, as amended; Executive Order 11246, as amended; the Vietnam Era Veterans' Readjustment Assistance Act of 1972, as amended; the Rehabilitation Act of 1973, as amended; and Federal Acquisitions Regulations published in Title 48 of the Code of Federal Regulations (CFR). SELLER represents and warrants compliance to SMC's Supplier Code of Conduct, as may be amended from time to time by SMC. Such code of conduct shall be available to SELLER upon request from SMC.

9. INDEMNIFICATION

SELLER agrees to indemnify and hold harmless SMC, and its successors, assigns, directors, employees, agents and customers, from and against all losses, liabilities, judgments, settlements, expenses (including, without limitation, attorney's fees) or claims based on injuries or damages to any person or property arising out of or in any way related to (a) this Agreement, (b) the breach of any obligation or warranty associated with the Order, or (c) the delivery, condition, manufacture, purchase, sale, use or operation of the products or services purchased, whether or not such products are in the same condition as when delivered or have been used by SMC. SELLER also agrees to and will assume on behalf of SMC, upon its demand (without regard to the real or apparent merits of such action), the defense of any court or agency action that may be brought against SMC as a result of SELLER'S performance of an Order.

10. INFRINGEMENT

SELLER indemnifies and agrees to defend and hold SMC harmless from and against any claims, actions, suits, liabilities, costs, expenses, judgment and awards arising from (i) the death or personal injury to any person resulting or claimed to result from any defects or non-conformance to specifications, (ii) any breach by SELLER of any terms or warranty of the Order or this Agreement, or (iii) any and all actions or proceedings claiming patent, trademark, trade secret, proprietary rights or copyright infringement by reason of the sale, use or existence, whether alone or in combo, of any article furnished hereunder, except any article in conformity with specifications completely and such design was exclusively furnished by SMC.

11. LIMITATION OF SMC'S LIABILITY

IN NO EVENT SHALL SMC BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOST AND/OR ANTICIPATED PROFITS) OR PUNITIVE DAMAGES ARISING FROM THE PERFORMANCE OR BREACH OF ANY TERMS OF THIS AGREEMENT, EVEN IF SMC HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES. SMC's liability on any claim of any kind for any loss or damage in connection with or resulting from this Agreement, or from the performance or breach thereof, shall in no case exceed the price allocable to the products or services or unit giving rise to the claim. SMC shall not be liable for penalties of any description. Any action resulting from any breach on the part of SMC as to the products or services delivered hereunder must be commenced within one (1) year after the cause of action occurred.

12. ORDER MODIFICATION

The Order contains the complete and final agreement between SMC and SELLER. SMC may at any time, by written notice, make changes in the terms of the Order or to the products or services to be provided by the Order, and SELLER shall comply therewith. If any change causes an increase or decrease in the cost of, or time required for performance of SELLER's obligations under the Order, an equitable adjustment in the price and/or delivery schedule shall be mutually agreed upon, and the Order shall be modified in writing accordingly. Any claim by SELLER for an adjustment must be made in writing within five (5) days of the receipt of SMC'S change notice. SELLER shall use commercially reasonable efforts to carry out any SMC requested changes.

13. CANCELLATION

In addition to any other provision contained herein for the cancellation or termination of the Order, SMC may cancel the Order, for any reason or no reason, in whole or in part, by written notice to SELLER on the condition that SMC shall pay to SELLER the actual net cost SELLER incurred in good faith prior to such cancellation except to the extent SELLER's commitments or production arrangements were in excess of the amount, or in advance of the time, necessary to meet SMC's delivery schedule. In the event the above costs include costs to purchase or manufacture tangible items, SMC has the right, but not the obligation, to take possession of such items prior to making payment to SELLER.

14. INSURANCE

SELLER shall maintain insurance as described below. Evidence of insurance shall be provided to SMC on certificate(s) of insurance before any products are delivered or services are performed. SELLER shall have commercial general liability insurance which includes products/completed operations liability, contractual liability, personal injury liability and broad form property damage coverage with limits of at least \$2,000,000 per occurrence combined single limit. Coverage must include worldwide coverage territory. Coverage shall include a waiver of subrogation in favor of SMC. If SELLER brings vehicles onto SMC's or SMC's customers' premises, SELLER shall maintain insurance covering any owned, non-owned or hired vehicles with limits of at least \$1,000,000 per occurrence combined single limit bodily injury and property damage. If SELLER is providing professional services (e.g., engineering, design, software/programming, etc.), SELLER shall provide a certificate of insurance evidencing professional liability (e.g. errors & omissions) insurance for a limit of liability of not less than \$2,000,000 per loss. Such insurance must include worldwide coverage territory. Insurance evidenced above shall be primary and not entitled to contribution from any insurance maintained by SMC or any of its subsidiaries or customers. The certificate of insurance shall state that the above policies shall not be canceled, nor reduced in coverage, until after thirty (30) days written notice of such cancellation or reduction shall have been mailed to the certificate holder. In the event SELLER contracts with any subcontractors, SELLER shall require that the subcontractors carry at least the same coverage, with at least the same limits as set out herein.

15. CONFIDENTIALITY OF INFORMATION

SELLER shall keep confidential all information, drawings, specifications, data and other property furnished by SMC or prepared by SELLER in connection with the Order. Information transferred orally to SELLER or by visual observation shall also be considered confidential. SELLER shall not alter or use such property for any purpose other than that specified by SMC, or for any other person, without the prior written consent of SMC. Title to any and all confidential information shall be and remain with SMC. Upon completion of the work, SELLER shall return SMC's property including but not limited to confidential information, in the manner requested and at SMC's expense. Confidential Information shall not include information or property which the SELLER can demonstrate (a) is now in the public domain or later publicly available through no fault of SELLER, (b) was already in SELLER's possession or known to SELLER prior to receipt of the same, or (c) was rightfully obtained by SELLER from sources other than SMC; provided, however, that a combination of features shall not be in the above exceptions merely because the individual features of the combination are in the public domain or in receiving party's possession but only if the combination itself and its principal operations and applications are in the public domain or in receiving party's possession.

16. SMC PROPERTY

If Product is to be produced by SELLER in accordance with designs, specifications or drawings furnished by SMC, or if SMC pays for or furnishes to SELLER any equipment, supplies, tools, tooling or other property in connection with or used in the performance of this Agreement ("SMC Property"), SMC shall own all right, title, and interest in and to such SMC Property, and SELLER shall (a) hold such SMC Property in confidence, (b) mark such SMC Property in a manner that reflects that it belongs to SMC, (c) store such SMC Property apart from SELLER's other property, (d) not move the SMC Property to any

location other than the site approved by SMC without the prior written consent of SMC; (e) not sell, lease, mortgage or otherwise encumber or dispose of any SMC Property; (f) be responsible for the risk of loss, repair or replacement, and for keeping the SMC Property in good working condition; and (g) return such SMC Property, at SELLER's expense, to SMC in good condition when the SMC Property is no longer used by SELLER or upon the termination or completion of the Order or this Agreement. SELLER will use the SMC Property exclusively for the benefit of SMC. SMC may, upon not less than one (1) day's advance notice, enter into the premises of SELLER during regular business hours and take possession of any SMC Property.

17. INTELLECTUAL PROPERTY

17.1 Intellectual Property. Nothing contained in this Agreement shall be deemed to give SELLER any right, title, interest or license to any of SMC's trademarks, trade names, service marks, logos, patents or copyrights or copyrightable material (collectively "SMC Properties") and the same shall at all times remain in SMC, and SELLER shall have no right to use any SMC Properties, except to produce Products for SMC hereunder, or as otherwise authorized in writing by SMC.

17.2 Developed Intellectual Property. In the event Intellectual Property is created or developed pursuant to this Agreement, SELLER agrees that all Intellectual Property arising out of SMC's Confidential Information or otherwise in connections with the Products or this Agreement, shall be the sole and exclusive property of SMC. To the extent necessary, SELLER shall assign all of its rights, title and interest in all copyrights and/or other intellectual property created pursuant to this Agreement. SELLER specifically authorizes SMC to take all necessary action to evidence the transfer of all other ownership rights from SELLER to SMC. Notwithstanding this section 16, SELLER shall maintain all rights and ownership of SELLER trade secrets and other intellectual property in existence as of the effective date of this Agreement as well as those which are developed by SELLER outside the scope of this Agreement.

18. DEFAULT

In the event SELLER becomes: (a) insolvent or makes a general assignment for the benefit of creditors or admits in writing its inability to pay debts as they mature; (b) if a trustee or receiver of any substantial part of SELLER's assets is appointed by any court; (c) if a proceeding is instituted under any provision of the Federal Bankruptcy Code or Rules; (d) any state insolvency law by or against SELLER and is acquiesced in, is not dismissed within thirty (30) days or results in an adjudication bankruptcy or insolvency; or (e) if SELLER fails, or appears to be unable, to perform any of its obligations in accordance with the terms and conditions of the Order, SMC may cancel any open Order in whole or in part and may pursue any further remedies at law or in equity. No waiver by SMC of a breach by SELLER of any provision of the Order shall constitute a waiver of any other breach or provision. All of SMC's rights and remedies hereunder shall be cumulative and not exclusive.

19. CANCELLATION

In addition to any other provision contained herein for the cancellation or termination of the Order, SMC may cancel the Order, for any reason or no reason, in whole or in part, by written notice to SELLER on the condition that SMC shall pay to SELLER the actual net cost SELLER incurred in good faith prior to such cancellation except to the extent SELLER's commitments or production arrangements were in excess of the amount, or in advance of the time, necessary to meet SMC's delivery schedule. In the event the above costs include costs to purchase or manufacture tangible items, SMC has the right, but not the obligation, to take possession of such items prior to making payment to SELLER.

20. IMPORTS AND EXPORTS

For those products sourced outside the United States, SMC shall be the importer of record, and SELLER

shall provide SMC with all necessary documentation to facilitate the importation. If for any reason SMC is not the importer of record of such products, SELLER shall provide SMC with all import documentation and certificates necessary for SMC's duty drawback claims. Furthermore, SELLER shall mark all products per United States customs regulations, including 19 CFR Parts 102 and 134.

21. QUALITY REQUIREMENTS

21.1 RIGHT TO AUDIT

SELLER shall permit SMC's Quality representatives, SMC's Customer, or a SMC- or Customer-delegated third party reasonable access to the areas related to the manufacture of the Products, including pertinent documentation. Any such audits shall take place during normal business hours, at any time provided reasonable notice is given within three (3) business days. SELLER shall respond to audit findings with a corrective action plan in accordance with the SCAPA Responsiveness and Compliance requirements listed in Section 21.2.

SELLER shall also permit any Regulatory authority access to the areas related to the manufacture of the Products, including pertinent documentation. These audits may be pre-announced or un-announced. In the event that a Regulatory authority conducts an audit affecting the Products, the SELLER shall notify SMC within twenty-four (24) hours of the audit, as well as any findings affecting the Products.

21.2 SCAPA RESPONSIVENESS AND COMPLIANCE

SMC requires SELLER to utilize a closed-loop corrective action system when problems are encountered in their manufacturing facility, or after nonconforming product has been shipped to SMC. SMC shall issue a Supplier Corrective Action/Preventive Action ("SCAPA") to a SELLER when non-conforming Product(s) are found at incoming inspection, manufacturing, testing, or by a SMC Customer.

Within forty-eight (48) hours of SCAPA notification, the SELLER shall take immediate containment action. SELLER shall acknowledge and submit a written response to SMC detailing the containment action plan.

Within thirty (30) calendar days of SCAPA issuance, the SELLER must submit the corrective action plan to be taken to prevent occurrence of the problem and the date the corrective action will be implemented. Any changes to process identified within the corrective action plan shall be approved according to the Change Notification requirements listed in Section 21.4.

21.3 RECORD RETENTION

SELLER shall keep complete records related to the manufacturing of the Products purchased by SMC. SELLER shall preserve all such records for a minimum of five (5) years after shipment of the Product or longer, if required by SMC's Customer. SMC reserves the right to request and inspect records as part of an audit or suspected product non-conformance. If SMC requests to inspect records, they shall be made available within three (3) calendar days of the request or at the time of an audit. Prior to destroying such records, SELLER shall notify SMC and upon request, send SMC all retained records.

21.4 CHANGE CONTROL

SELLER may not, at any time, make any changes to: (a) applicable drawings, designs, Product specifications, materials, testing, quality system or manufacturing processes or methods (b) method of shipment or packing, or (c) place of manufacture or distribution, or subcontractors without the prior written consent of SMC.

22. MISCELLANEOUS

22.1 GOVERNING LAW

The Order and the contract based thereon shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principal thereof. Any and all disputes between the parties arising out of or related to this Agreement shall be heard in the state and federal courts located in Dover County, Wisconsin and the parties hereby consent and submit to the jurisdiction of such court.

22.2 ASSIGNMENTS

No right or obligation under the Order including but not limited to the right to receive payments due or to become due, shall be assigned by SELLER without the prior written consent of SMC, and any purported assignment without such consent shall be void. SELLER shall not subcontract or in any other manner delegate to any other party the Order or any part thereof without the prior written approval of SMC.

22.3 INDEPENDENT CONTRACTOR

For purposes of this Agreement, SMC and SELLER are independent contractors and nothing in this Agreement shall create, or be construed to create, any agency, partnership, joint venture or other form of joint enterprise between SELLER and SMC.

22.4 NOTICES

Notices given under this Agreement must be in writing and must be either delivered in person (including express courier, such as Federal Express) or sent by United States certified or registered mail, postage and certification prepaid, to the other Party. Notices are effective upon delivery. A Party may change its address for notice by giving the other Party notice in accordance with this section.

22.5 WAIVER

Either party's failure to enforce any of the provisions of this Agreement or to exercise any election or option provided, or to require performance by the other party, shall not be construed to be a waiver of such provisions and shall not affect the right of such party thereafter to enforce any such provision. The waiver by a party of any of its remedies for a breach of this Agreement by the other party is without prejudice and shall not waive any other remedies that the non-breaching party shall have available to it at law or in equity, nor shall any such waiver limit the non-breaching party's rights to any remedies for a future breach.

22.6 FORCE MAJEURE

Neither party shall be liable to the other for any breach of its obligations (except for the obligation to pay for Products which shall never be considered Force Majeure) under this Agreement which arise as a direct result of any events of Force Majeure. Force Majeure shall include without limitation the following: war, civil war, declared or not, legislation, regulations, state decisions, legal decisions, embargos, export restrictions, import restrictions, on sending or delivery, strikes, lockouts, accidents, fires, floods, storms, earthquakes, delays or defaults of transporters, government controls or quotas. A party shall give the other party notice that an event of Force Majeure has occurred and the date of such event as soon as practicable. If an event of Force Majeure continues for a period of sixty (60) consecutive days or more, the other party may immediately terminate this Agreement by giving written notice to the party suffering the event.

22.7 CONFLICT MINERALS

To the extent applicable, Seller warrants that, to its knowledge, no tantalum, tin, tungsten and/or gold ("Conflict Minerals"), contained in any good subject to this order, originated from the Democratic Republic of the Congo or an adjoining country, unless the Conflict Minerals were processed by a facility listed as compliant pursuant to the CFSI Conflict-Free Smelter Program. Seller agrees to abide by the

terms and conditions in Purchaser's Conflict Minerals Policy (see SMC's website www.smcltd.com), and to communicate to its sub-suppliers its own commitment to responsible sourcing and legal compliance. Seller agrees to cooperate and work with its sub-suppliers in an attempt to ensure traceability of Conflict Minerals at least to smelter or refiner level, to maintain and record all Conflict Minerals traceability documentation for eighteen (18) months from the applicable date of manufacture and to provide such documentation to Purchaser upon request. Seller is not responsible for the accuracy of the information provided by the sub-suppliers as Seller is unable to guarantee the contents of materials manufactured at a location other than its own.

CONFIDENTIAL