

TERMS AND CONDITIONS OF PURCHASE

1. AGREEMENT OF PURCHASE. The terms and conditions set forth in this document are intended to establish standard terms and conditions for all purchase orders ("Purchase Orders") by Trec Industries, Inc. ("Buyer") from ("Seller") unless otherwise provided in a written agreement between Buyer and Seller. This document, together with the Purchase Orders, specifications, and all supplements and attachments thereto issued by Buyer from time to time, shall constitute the entire agreement ("Agreement") between Buyer and Seller for each such purchase. In the event of any inconsistency between the terms and conditions of this Agreement and those in the Purchase Order or on any supplement attached thereto, the terms and conditions contained in this Agreement shall control.

Seller's acknowledgement, commencement of performance to furnish any services or products ("the Products"), or any conduct by Seller which recognizes the existence of a contract pertaining to the subject matter hereof shall constitute acceptance by Seller of this Agreement and all of its terms and conditions. Additional or different terms provided in Seller's acceptance of Buyer's offer which vary in any degree from any of the terms herein are hereby objected to and rejected, unless agreed to in writing.

These standard terms and conditions of sale may be modified from time to time by Buyer, by notice to Seller. Each such modification shall be binding upon Seller with respect to all purchases occurring after the date of such modification. Except as otherwise described herein, no modification or termination hereof or waiver of any of the obligations hereunder shall be effective unless in writing and signed by the party against whom such modification, termination or waiver is sought to be enforced.

2. REMEDIES. If any Products do not comply with the requirements of the Purchase Order, Buyer may, at its sole option, and in each case at Seller's sole expense: (a) reject such Products; (b) require Seller to repair or correct such Products as necessary to render them in conformance with the requirements of the Purchase Order, and consistent with Buyer's time schedule; (c) return such Products and receive a full refund of the contract price; or (d) make any corrections required to cause such Products to fulfill the requirements of the Purchase Order and charge Seller for the costs incurred by Buyer thereby. Seller shall reimburse Buyer for all expenses reasonably incurred by Buyer in connection with a breach of the requirements of the Purchase Order (including transportation, storage, administrative, and other incidental expenses of Buyer). The remedies set forth in this Agreement are cumulative, and shall not preclude any other remedy available to Buyer at law or in equity.

3. CHANGES TO ORDER. Buyer may change an Purchase Order in any respect at any time on written notice to Seller. If Buyer cancels this Purchase Order, or any part thereof, without cause, Buyer's liability, if any, shall not exceed the actual costs and expenses for labor and material incurred by Seller up to the date of cancellation, less salvage. If such changes cause a material increase or decrease in Seller's costs or time of performance of this Purchase Order, Seller shall notify Buyer immediately and negotiate an adjustment.

4. PACKING AND SHIPMENT. Seller will pack and ship the Products in accordance with Buyer's instructions, without charge for packing or handling unless otherwise specified. All Products will be packed to comply with applicable common carrier requirements and so as to secure the best available freight rates. All shipments will be accompanied by a fully completed packing list showing the number and description of items contained therein. Buyer's name and order number will be plainly marked on all packages, bill of lading, packing slips, and other shipping documents and on Seller's invoices. Buyer's count or weight will be final and conclusive for all shipments.

For parts under \$25 each, shipping tolerance shall be +5%/ - 0% of quantity ordered on Buyer's Purchase Order unless otherwise specified in the body of the Purchase Order. For parts with a sale price exceeding \$25 ea., only the quantity ordered will be accepted. Seller must contact Buyer for approval to ship a quantity outside of these parameters prior to shipment. Extra parts shipped without expressed prior approval by a representative of the Buyer are subject to return at the Seller's expense.

5. DELIVERY-INSPECTION-EXCESS TRANSPORTATION COSTS. Time of delivery or performance is of the essence of an order and if any shipment or service rendered is not made when promised; Buyer reserves the right to refuse any Products and to cancel without any liability all or any future shipments or performance by Seller. Delivery of Products shall not be deemed complete until Products have been actually received, inspected, tested, and accepted by Buyer. Risk of loss of conforming Products shall remain with Seller until such Products have been actually received by Buyer.

In all events, Buyer shall be entitled to inspect and/or test the Products, and such inspection or testing will be made by the Buyer within a reasonable time after their receipt by Buyer, irrespective of payment date. In the event such Products are non-conforming, Buyer may either return rejected Products or hold at Seller's entire risk and expense, and may in any event charge Seller with the cost of transportation (inbound and outbound) or excess transportation charges paid, due to Seller's failure to meet Buyer's specifications or Seller's non-compliance with packing requirements as set forth by carrier specifications and any other like charges. Buyer reserves the right to refuse Products when shipped contrary to instructions or not on shipping date specified by Buyer or for non-compliance with classification packing requirements.

Buyer will not be liable for any charges for handling, bagging, blocking, barreling, boxing, crating, drayage, storage, or other packing unless such charges are specifically authorized and agreed by Buyer. If price stipulated on Purchase Order is F.O.B. destination, freight prepaid of F.A.S. port of exit, freight prepaid and freight rate or charges between point of shipment and destination are subsequently reduced, such reduction shall operate as a reduction on the price payable herein and Buyer shall be entitled to credit equivalent to such reduction.

If shipment by carrier other than specified becomes necessary in order to fulfill Seller's delivery obligations, Seller shall be responsible for any excess charges.

6. NON-WAIVER. Buyer may waive performance of any condition and also treat the non-performance as a breach of warranty, but waiver by Buyer of a condition on any shipment shall not constitute a waiver of that condition for subsequent shipments.

7. PAYMENT. Payments by Buyer shall not be deemed evidence of acceptance by Buyer of the Products. The prices stated in the Purchase Order represent the full amount payable to Seller under this Agreement. Invoices must not be dated prior to the shipping date. Invoices must conform to Buyer's instructions for same. Unless written notice to the contrary is given to Buyer by the Seller prior to shipment, all invoices for Products shipped on an order shall be rendered by and payable to Seller. Invoice payment dates will be computed from the date of shipment or from the date the invoices are received by Buyer, whichever is later. If Seller's invoice as rendered does not comply with Buyer's order, Seller agrees that Buyer may change invoice to conform to this order and make payment accordingly.

8. COMPLIANCE. Seller agrees to comply with all applicable foreign, federal, state, and local laws, executive orders, ordinances, rules, and regulations as currently amended.

9. CONFIDENTIAL INFORMATION. Except as required by law, as reasonably necessary to perform an order, or with Buyer's prior written consent, Seller will keep confidential, at all times, all information, drawings, specifications and data furnished by Buyer and/or derived or developed by Seller in connection with the performance of an order. Seller will not divulge such confidential information or use it (directly or indirectly) for its own benefit or for the benefit of any other party or make copies of such confidential information or permit copies to be made. The foregoing confidentiality obligations do not apply to information known by Seller at the time it is disclosed by Buyer, to information lawfully obtained by Seller from a third party entitled to disclose it, and to information which is or later becomes public knowledge other than through disclosure by Seller.

10. INDEMNIFICATION. Seller will defend, indemnify and be liable to Buyer, its successors, assigns, agents, customers and employees against and for any loss, damage, liability or expense (including

attorneys' fees, advanced as incurred) which shall arise out of or is connected with any obligation, responsibility, act, or omission made by the Seller, or its employees or agents, relative to: (a) any infringement or alleged infringement of any patent, copyright, industrial design, right or other intellectual property rights in the manufacture, use or disposition of the goods or services; (b) any breach or negligence by Seller in connection with the performance of this Purchase Order; or (c) any claims of any subcontractor of Seller. In case said goods or services infringe or allegedly infringe upon any intellectual property rights, Seller shall, at its own expense, either procure for Buyer the right to continue using said goods and services, or at the option of Buyer either replace same with equally efficient noninfringing goods or services, or modify such without impairing their efficiency so they become noninfringing, or remove said goods and services and refund the purchase price and the transportation and installation costs thereof.

11. LIMITATION OF BUYER'S LIABILITY. Seller's sole damages in the event of any breach hereof by Buyer including wrongfully rejecting or revoking acceptance of Products or repudiation shall be the difference between the market price and the contract price for the Products. IN NO EVENT SHALL BUYER BE LIABLE FOR ANTICIPATED PROFITS OR FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES. Notwithstanding the foregoing limitations of Seller's damages and remedies in the event of any breach by Buyer, Seller shall in good faith take all actions to minimize its damages.

12. WARRANTY. Seller warrants that all goods or services furnished pursuant to this Purchase Order will be free from defects in material or workmanship and will be in conformity with the requirements of this Purchase Order, including drawings and specifications, if any, and reasonably fit for the purpose disclosed in this Purchase Order or in such drawings and specifications, and Seller further warrants that such goods or services will be merchantable and fit for the purpose for which they are sold. Without limitation 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 ninety (90) days after delivery be returned at Seller's expense. Buyer at its option may require Seller either to replace such goods at no increase in price (Seller must pay all repacking, transportation and handling charges both ways) or to refund the purchase price and any charges in connection therewith.

13. VARIANCES. Unless otherwise provided herein, quantities, prices, shipping dates, and specifications are absolute, and may not be varied without the prior written consent of Buyer.

14. WITHHOLDING. If Buyer has a claim under this Agreement, or under any other agreement between Buyer and Seller, regardless of when it is discovered, including a claim that: (a) Seller's invoice is erroneous; (b) the Products are deficient, defective or incomplete; or (c) a third party claim has been asserted or there is reasonable evidence indicating the possibility of a claim; then Buyer may withhold payment of, or set off the amount of its claim, costs or loss against, any amount invoiced to it.

15. LAW AND JURISDICTION. The contract arising from this agreement shall inure to the benefit of and be binding upon the parties hereto, their respective transferees, representatives, successors, heirs, assigns and affiliates and shall be governed by and construed in accordance with the laws of the State of Ohio. Each party hereto agrees that all disputes or disagreements that may arise out of or in connection with this agreement shall be adjudicated in the Cuyahoga County Court of Common Pleas, Cuyahoga County, Ohio or the United States District Court for the Northern District of Ohio and each party consents to such jurisdiction and agrees to waive any right that it might have to claim that venue in any such court is improper or that any such court is an inconvenient forum.

16. ELECTRONIC TRANSMISSION. If this agreement is transmitted by email or by other means of electronic transmission, such transmission shall have the legal significance of a duly executed original delivered to the Seller.

17. EEOC. The Equal Employment Opportunity Clause of Section 202 of Executive Order 11246, as amended relative to equal opportunity and the implementing rules and regulations of the Office of Federal Contract Compliance are incorporated herein by specific reference.

18. INTELLECTUAL PROPERTY RIGHTS. Seller warrants that the Products furnished hereunder, and the normal use thereof, do not infringe or misappropriate any patent, copyright, trademark, service mark, trade secret, or other intellectual property right of any third party. Seller will indemnify, defend, and hold harmless Buyer against any losses arising out of any suit or proceeding alleging that the Products infringe or misappropriate any patent, copyright, trademark, service mark, or trade secret.

19. SPECIFICATIONS. All specifications referring to published standards such as ASTM, ASCE, etc., shall be deemed to refer only to the physical properties set forth therein, unless otherwise specified.

20. ADDITIONAL QUALITY REQUIREMENTS.

The Purchasing Requirements of 7.4.2 of AS9100C require Buyer to specifically ensure that our Purchase Orders and/or supplementary documents adequately describe the product to be purchased, and include, when appropriate, the following requirements and Seller responsibilities:

Requirements (D.) and (G.) shall apply to every Purchase Order, while all other requirements shall only be required when clearly noted on Buyer's Purchase Order.

- A. requirements for approval of product, procedures, processes and equipment; ie, First Article Inspections.
- B. requirements for qualification of personnel; (this includes Nadcap Approvals or other industry processes / certifications. Responses to contractual document acceptance must delineate Certifications to Trec Industries, specifically identifying what personnel certifications will be complied with and what data will be submitted with shipments attesting to the compliance with contract terms and specifications.)
- C. quality management system requirements; (Example: AS9100, ISO 9001, civil, space and defense, regulatory requirements, and/or other industry standard requirements. The QMS requirements may be defined by simply referring to the applicable QMS standard(s) requesting (or not) third party registration, or in a form of a quality system plan developed by the buyer for selected supplier.)
- D. the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data;
- E. the requirements for design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, and related instructions for acceptance by Buyer, and as applicable critical items including key characteristics;
- F. the requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigations or auditing.
- G. The Seller must:
 - 1) Notify Buyer of any nonconforming product prior to shipment.
 - 2) Obtain approval from the Quality Manager of Buyer who will review the nonconforming condition, and provide disposition (approval or disapproval) of the Seller product to the Seller via fax or email.
 - 3) Notify Buyer of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain Buyer approval, and;
 - 4) Flow down to the Seller's Supply Chain the applicable requirements including customer requirements.
- H. Seller record retention requirements; the Seller shall be responsible to maintain and retain all Quality Records (certifications, inspection and test records) relative to material, processes and/or services pertaining to the product delivered to Buyer for a minimum of seven (7) years. In lieu of this requirement, and with the Buyer's prior approval, the Seller may choose to forward said Quality Records to the Buyer's attention at the completion of the Purchase Order or given contract.
- I. The Seller shall provide right of access to Buyer, their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain involved in the order and to all applicable records. Arrangements will be made in advance.

21. ADDITIONAL EXPORT CONTROL REQUIREMENTS.

In accordance with ITAR regulations, the following requirements may apply to a Purchase Order from the Buyer.

Requirements shall only be required when clearly noted on Buyer's Purchase Order.

- A. This Purchase Order/Agreement is associated with items, data and/or services controlled by U.S. export control laws or regulations.
- B. Only U.S. citizens and permanent resident aliens (green card holders) may have access to said items, data and/or services without the authority of a U.S. Government export license, agreement or applicable exemption or exception.
- C. Seller agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2799, including the International Traffic in Arms Regulation (ITAR), 22 CFR 120-130; and the Export Administration Act, 50 U.S.C. app. 2401-2420, including the Export Administration Regulations, 15 CFR 730-774; including the requirement for obtaining an export license or agreement, if applicable. Without limiting the foregoing, Seller agrees that it will not transfer an export controlled item, data, or service, to include transfer to foreign persons employed by or associated with, or under contract to Seller or Seller's lower-tier suppliers, without the authority of a U.S. Government export license, agreement or applicable exemption or exception.
- D. Seller shall immediately notify the Buyer if Seller is, or becomes, listed on any Denied Parties List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.
- E. Seller represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.
- F. Seller shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

22. SEVERABILITY AND WAIVER. This agreement is intended to be performed in accordance with and only to the extent permitted by applicable laws, ordinances, rules and regulations. If any of the provisions of this agreement or the application thereof to any person or circumstance shall for any reason and to any extent be invalid or unenforceable, then the remainder of this agreement and the application of such provisions to other persons or circumstances shall not be affected thereby, but shall be enforced to the greatest extent permitted by law.