

J&E MANUFACTURING CO.

GENERAL TERMS AND CONDITIONS OF PURCHASE

1. ACCEPTANCE. These General Terms and Conditions of Purchase together with the terms and conditions of any J&E Manufacturing Co. (J&E) purchase order cover sheet submitted to the vendor (Seller) after the date set forth above (collectively, the **Purchase Order**) shall collectively constitute the entire agreement and understanding of J&E and Seller and supersedes all prior oral or written communications relating to the purchase of Seller's goods or services. If Seller's communications (including any form) contain provisions inconsistent with the provisions of the Purchase Order, the Purchase Order shall prevail and J&E hereby notifies Seller of its objection to and rejection of any such terms and conditions stated by Seller, whether or not material, that are in conflict with, inconsistent with, or in addition to those contained in the Purchase Order. Seller's (1) failure to object within 10 days to any terms contained in the Purchase Order or (2) commencement of performance shall constitute Seller's acceptance of all terms and conditions in the Purchase Order.

2. DEFINITIONS. For purposes of the Purchase Order, the following capitalized terms shall have the meanings set forth below:

ITAR (International Traffic in Arms Control), EAR (Export Administration Regulations), DFARS (Defense Federal Acquisition Regulation Supplement), ROHS (Restriction of Hazardous Substances), NASPR (National Aeronautics and Space Administration Procurement Regulations). **Government** means the United States Government. **Software** means any software, firmware or digital information (including updates and upgrades, as applicable) to which J&E becomes entitled or that J&E otherwise acquires under the Purchase Order or under any license or maintenance agreement related to the Purchase Order. **Specifications** include all specifications, drawings, samples, models, diagrams, bulletins, engineering sheets, user guides or other materials provided by Seller to J&E, as well as all specifications attached to the Purchase Order; provided that in the event of any inconsistency between the specifications attached to the Purchase Order and those provided by Seller to J&E, the specifications attached to the Purchase Order shall control. **Special Tooling** means all tools, dies, gauges, jigs, fixtures, equipment, molds, patterns and the like used in connection with Seller's performance under the Purchase Order (irrespective of whether such items are supplied by J&E or Seller), other than such items as were used by Seller in the manufacture of substantial quantities of goods for others prior to Seller's performance under the Purchase Order.

3. PRICES & PAYMENT TERMS. Prices shall be as specified on the J&E purchase order cover sheet to the Purchase Order and may not be changed without the prior written consent of J&E. Seller warrants that the prices, rates, discounts and allowances on goods or services are not less favorable than the lowest price currently extended to any other customer of Seller for the same or like goods or services in equal quantities. Unless otherwise expressly indicated in writing by J&E, J&E shall pay all amounts due for goods or services purchased under the Purchase Order within 45 days from the date of Seller's invoice. No interest charges or other penalties for late payment may be assessed by Seller without the prior written consent of J&E.

4. TAXES & OTHER CHARGES. Any properly assessed taxes, duties, or other fee imposed by a governmental authority, on or measured by the transaction between J&E and Seller shall be separately stated in each invoice indicating the tax and once paid by J&E, no additional tax assessments with respect to such invoiced amounts shall be paid.

5. SHIPPING & DELIVERY. J&E shall pay reasonable shipping costs in accordance with its instructions, but Seller shall be responsible for packing, shipping, and safe delivery and shall bear all risk of damage or loss until the goods are delivered to J&E. Time is of the essence and delivery must be made in accordance with the schedule set forth in the Purchase Order. In the event of failure to make timely delivery and a new delivery schedule cannot be agreed upon, J&E shall have the right, effective upon notice to Seller, to cancel the Purchase Order in its entirety or as to goods or services not delivered on time, and shall have no liability for any damage resulting from such cancellation. If accelerated shipping means are required to meet the delivery set forth in the Purchase Order, or to minimize the lateness of delivery, excess shipping charges shall be borne by Seller. J&E reserves the right to refuse delivery in installments, and, if accepted, to defer payment without interest or penalty until shipment is completed.

6. INSPECTION & REVIEW. Seller's items are key to product safety and compliance. Seller is required to notify J&E regarding non-conforming product and obtain J&E approval for non-conforming product disposition. All goods, material and services will be subject to J&E's final inspection and test at the delivery location specified in the Purchase Order prior to acceptance, it being understood that payment for goods, material or services in whole or part, will not constitute acceptance. J&E may, at its option, reject any nonconforming material and return it to Seller at Seller's risk and expense at the full invoice price plus all applicable inspection, test, boxing, packing, crating, transportation and other related costs. In the alternative, J&E may, with Seller's express agreement to reimburse J&E therefore, rework any of Seller's nonconforming material. At J&E's option, Seller agrees to negotiate in good faith an equitable reduction in the price of nonconforming material, which J&E agrees to accept in "AS-IS" condition.

7. CHANGES. If specified in J&E's purchase order, seller is required to notify J&E of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and where required, obtain J&E approval. Seller is also required to flow down to the supply chain applicable requirements including customer requirements and record retention requirements (record retention is 7-yrs minimum except as customer requires). J&E shall have the right by written order to make changes in the work, Specifications, or quantity, provided that any change in price or delivery caused thereby shall be adjusted equitably by mutual agreement. If Seller fails to submit a written request for adjustment in price or delivery within 10 days after receipt of such change order, it shall be conclusively presumed that no change in price or delivery is to be made.

8. INSPECTION & AUDIT RIGHTS If specified in J&E's purchase order, supplier (which, for the purposes of this Section, includes Supplier and its Suppliers) shall at any time, and after reasonable notice by J&E, (i) grant to J&E, J&E's Customers and/or to any competent regulatory authority, unrestricted access to (or if requested by J&E, provide to J&E copies of) Supplier's books and records (including, without limitation, agreements and technical inspection and quality records, but excluding financial books and records), wherever such books and records may be located (including third-party repositories) and (ii) provide J&E, J&E's Customers and/or any such authority the right to access, and to perform any type of inspection, test, audit or investigation at Supplier's premises, including manufacturing and test locations for the purpose of enabling J&E to verify compliance with the requirements set forth in the Order or for

any other purpose indicated by J&E's Customers and/or said authority in connection with the design, development, certification, manufacture, sale, use and/or support of the Products. Supplier and its Suppliers shall furnish all reasonable facilities and assistance for the safe performance of the inspection, test, audit and/or investigation.

Suppliers performance is monitored as part of the Supplier Corrective Action process and will be shared with suppliers upon written request.

9. ETHICAL BEHAVIOR. It is the expectation of J&E that suppliers will, at a minimum, maintain full compliance with all laws and regulations applicable to the operation of their business and their relationship with J&E.

10. COUNTERFEIT PARTS AND MATERIALS. If specified in J&E's purchase order, suppliers shall only purchase materials and products to be delivered or incorporated as goods to J&E directly from the Original Component Manufacturer (OCM)\Original Equipment Manufacturer (OEM), OCM\OEM authorized distributor chain, aftermarket manufacturer, or authorized reseller. These products shall have verification that goods are traceable to OCM\OEM; OCM\OEM authorized distributor chain, aftermarket manufacturer, or authorized reseller that identifies the name and location of all the supply chain intermediaries from the part manufacturer to the direct source of the product.

11. TERMINATION. In addition to any remedies provided by law, if Seller breaches any provision of the Purchase Order, J&E shall have the right to cancel the Purchase Order at any time, without liability. J&E also has the right to cancel all or part of the Purchase Order, for its own convenience, at any time by written notice, and J&E shall pay reasonable cancellation costs in accordance with industry practice, provided that the total charges shall not be in excess of the lesser of the price specified in the Purchase Order and demonstrable costs reasonably incurred prior to termination. Upon any breach of the Purchase Order by Seller, J&E may at its option require Seller to transfer to J&E all materials, work in process, completed supplies, tooling, plans, and Specifications allocable to the canceled portion of the Purchase Order, and J&E shall pay to Seller an amount equal to the lesser of Seller's cost or the fair value. In the event the Purchase Order is terminated for any reason other than failure of Seller to comply with the provisions of the Purchase Order, the clause applicable to fixed price orders contained in FAR, DAR, NASAPR "Termination for Convenience of Government" in effect on the date the Purchase Order is submitted to Seller shall apply.

12. RESALE CERTIFICATES. In those cases where articles described in the Purchase Order are exempt from state and local sales and use taxes, J&E certifies that all goods or services described on the Purchase Order are: (1) purchased for purposes of resale as tangible property either in the same form as purchased or as an ingredient or constituent part of goods produced for resale, or (2) purchased for exempt use as provided by the sales and use tax laws of the destination of the goods, or (3) purchased for export outside the United States and are not subject to sales or use taxes.

13. J&E'S PROPERTY IN SELLER'S POSSESSION. Any goods or material furnished by J&E on other than a charge basis in connection with the Purchase Order; shall be deemed as held by Seller for J&E pending J&E's disposition instructions. All such materials not consumed in connection with the goods or services covered by the Purchase Order shall, as directed, be returned to J&E at J&E's expense, and if not accounted for or so returned, shall be paid for by Seller. All such materials and Special Tooling supplied or required by J&E shall be fully insured by Seller against all physical loss and damage.

14. TOOLING. Unless otherwise agreed in the Purchase Order, Special Tooling used in connection with the goods or services ordered shall be furnished by and at the expense of Seller. If J&E agrees to pay for such tooling in either a lump sum, or by amortizing the cost in the unit price of the goods produced, J&E has the option to take possession of and title to all Special Tooling and any process sheets related thereto without additional charge. If J&E agrees to tooling charges, all invoices for payment therefore must be accompanied by a "Tooling Manifest" form completed by Seller. Seller shall at its own expense identify all Special Tooling as the property of J&E, maintain all Special Tooling in proper working order, replace all Special Tooling when necessary, be responsible for all loss of or damage thereto while in Seller's possession and use the Special Tooling only for the production of goods or services for J&E, unless otherwise authorized in writing. Seller shall follow reasonable commercial practices in maintaining property control records regarding such Special Tooling. Unless specifically provided to the contrary in the Purchase Order, Seller warrants that the price set forth in the Purchase Order does not include any amount representing rent for the use of Government-owned facilities, equipment or Special Tooling. Seller shall insert the substance of this clause in all subcontracts.

15. SERVICES. If the Purchase Order covers the performance of services for J&E or involves operations by Seller on the premises of J&E or one of its customers, Seller shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work and except to the extent that such injury is due solely and directly to J&E's or its customer's negligence, as the case may be, shall indemnify and protect J&E (and its employees, subsidiaries, affiliates, successors, customers and agents) against all liability, claims or demands for injuries or damages to any person or property growing out of the performance of the Purchase Order including the cost of defending against any such claim. When in the performance of services under the Purchase Order it is necessary for Seller, its agents, employees, representatives or lower-tier subcontractors, to perform work on J&E's premises, Seller agrees that such agents, employees, representatives or lower-tier subcontractors shall be bound by the security regulations prescribed in J&E's Corporate Security Policies and in addition, by the requirements of the Department of Defense, "Industrial Security Manual for Safeguarding Classified Information" when the Purchase Order is issued under a Government contract as evidenced in the Purchase Order.

16. GOVERNMENT CONTRACTS. If the Purchase Order is issued under a Government contract, as indicated in the Purchase Order, FAR, DAR and NASAPR clauses, as applicable, and any other clause required by statute, regulation or official publication of any agency of the Government are incorporated in the Purchase Order by reference and made a part the Purchase Order as if stated in full text, If the Purchase Order is not issued under a Government contract, all references to the Government shall be deemed deleted.

17. WARRANTIES. (1) Seller represents and warrants to J&E for the benefit of J&E, its affiliates and J&E's customers that:

(a) all goods and services furnished under the Purchase Order are (i) of merchantable quality, (ii) fit and sufficient for the purpose intended, (iii) free from defects of materials or workmanship, and (iv) in strict conformity with any Specifications furnished, included or referenced in the Purchase Order;

(b) it has the right to convey the goods and that the goods are free of all liens and encumbrances;

(c) goods furnished pursuant to the Purchase Order, not of J&E's design, will not infringe any patent, copyright, trademark, trade secret or any other intellectual property rights of any third party and Seller hereby grants J&E, its affiliates and its customers an irrevocable, non-exclusive, royalty-free license under any intellectual property owned by Seller, or under which Seller has license rights (i) to use and sell any goods delivered pursuant to the Purchase Order and (ii) to use and sell any process carried out with the use of such goods;

(d) any goods furnished, or services provided, pursuant to the Purchase Order shall have been or are manufactured and sold in compliance with all relevant federal, state and local laws, rules, executive orders and regulations.

(2) In the case of the performance of services, Seller warrants that it shall perform the services in accordance with industry standards except to the extent a higher standard is specified, in which case the higher standard shall apply.

The warranties set forth in this Section 15 are in addition to any warranty otherwise offered by Seller or implied by law. All warranties shall survive any inspection, acceptance, delivery, payment for the goods or services and termination of the Purchase Order and shall inure to the benefit of J&E, its successors, assigns and customers.

18. LIMITATION ON J&E'S LIABILITY. IN NO EVENT WHATSOEVER SHALL J&E HAVE ANY LIABILITY TO SELLER, ARISING OUT OF OR IN CONNECTION WITH THE GOODS OR SERVICES PURCHASED PURSUANT TO THE PURCHASE ORDER, THE TRANSACTIONS CONTEMPLATED BY THE PURCHASE ORDER, OR SELLER'S OR J&E'S CONDUCT OR ACTIONS IN RELATION TO ANY OF THE SAME OR TO EACH OTHER, IN AN AMOUNT IN EXCESS OF, AND J&E'S LIABILITY SHALL BE STRICTLY LIMITED TO, THE PURCHASE PRICE FOR THE GOODS OR SERVICES WHICH GIVE RISE TO J&E'S LIABILITY.

19. INDEMNIFICATION. Seller agrees to indemnify, hold harmless and defend J&E (and its employees, subsidiaries, affiliates, successors, customers and agents) from and against any and all judgments, liabilities, damages, losses, expenses and costs (including, without limitation, court costs and attorneys' fees) incurred or suffered by J&E, which relate to or arise out of (1) Seller's design, manufacture, assembly, use, handling, sale or distribution of the products sold under the Purchase Order; (2) the performance of the Purchase Order by Seller, its employees or agents, whether on or off Seller's premises; (3) Seller's breach of any representation, warranty or obligation under the Purchase Order; or (4) the infringement or violation of any third party's intellectual property or other rights.

20. CONFIDENTIALITY & OWNERSHIP. If specified in J&E's purchase order, specifications furnished by J&E shall not be used directly or indirectly for any purpose other than the production for J&E pursuant to the Purchase Order unless authorized in writing, provided that Seller may procure items for direct sale to the Government where the Government has the right to use the Specifications furnished by J&E which are required to produce the items. Upon completion of the work by Seller, Seller shall promptly return to J&E all drawings, Specifications and other data furnished by J&E, together with all copies or reprints thereof in Seller's possession or control.

21. REMEDIES. The remedies reserved in the Purchase Order shall be cumulative and in addition to any other or further remedies provided in law or in equity.

22. WAIVER. No provision of, right, power or privilege under the Purchase Order shall be deemed to have been waived by any act, delay, omission or acquiescence on the part of either party, its agents, or employees, but only by an instrument in writing signed by an authorized individual of each party. No waiver by either party of any breach of any provision of the Purchase Order by the other party shall be effective as to any other breach, whether of the same or any other provision and whether occurring prior to, concurrent with, or subsequent to the date of such waiver.

23. SEVERABILITY. The invalidity, illegality or unenforceability, in whole or in part, of any provision, term or condition of the Purchase Order shall not affect the validity and enforceability of the remainder of such provision, term or condition or of any other provision, term or condition, and, to the extent possible, such invalid, illegal or unenforceable provision shall be replaced by a provision most nearly reflecting the fundamental objectives of the original provision.

24. SUBCONTRACTING & ASSIGNMENT. Seller shall not assign, subcontract or delegate its rights or obligations under the Purchase Order to any other person unless agreed to in writing by J&E. In no event shall copies of the Purchase Order or of plans, Specifications or other similar documents relating to the Purchase Order, be furnished to any assignee if such documents are designated as one of the classified types under Government security requirements or as proprietary to J&E.

25. GOVERNING LAW. The Purchase Order shall be construed according to the laws of the State of Minnesota.