

**SCHWARTZ PRECISION MANUFACTURING CO.
TERMS AND CONDITIONS OF PURCHASE**

1. CONTRACT PRICE

1.1 Firm Price. Prices quoted by Seller to Schwartz Precision Manufacturing Co. (hereinafter "Buyer") shall remain firm for 90 days from Buyer's receipt of quote unless Seller expressly provides otherwise.

1.2 Price Change. No increase in price is binding upon Buyer unless made in writing and signed by an authorized representative of Buyer.

1.3 F.O.B. Buyer's Location. All prices are F.O.B. Buyer's place of business unless specifically stated otherwise on the face of this Purchase Order.

1.4 Shipping Charges. Buyer will not be liable for any boxing, crating, packing, loading, freight, demurrage, unloading, storage charges or the like, unless specifically stated otherwise on the face of this Purchase Order.

2. FORMATION OF CONTRACT

2.1 Agency Disclaimer. Buyer may be bound only by its employees who are authorized to execute contracts on behalf of Buyer. Seller is advised to inspect documents for appropriate signatures and to contact Buyer with any questions concerning authority. Any notice under these contract documents must be given to an authorized employee of Buyer in order to be effective and shall be deemed effective only upon actual receipt.

2.2 Contract Documents. The face of the Purchase Order and these Terms and Conditions constitute the entire agreement between the parties, superseding and canceling all other proposals, agreements or understandings, whether verbal or written. No other terms shall be a part of this contract unless they actually appear on the face of this Purchase Order or are incorporated by reference on the face of this Purchase Order or by these Terms and Conditions.

3. CHANGES – EXTRAS

Buyer may change this order from time to time by notice to Seller and Seller shall comply with such change notice. If such changes result in a decrease or increase in Seller's cost or in the time for performance, an equitable adjustment in the price and time will be made by the parties in writing, providing a request for adjustment is made in writing by Seller or Buyer within 15 days after receipt of such change notice.

4. SHIPMENTS

4.1 Delivery Date. Delivery time and quantities are expressly made the essence of this contract, and the Buyer reserves the right to terminate this order for breach as to any or all

items if delivery is not made in accordance with the terms appearing on the face of this Purchase Order.

4.2 Title to Goods. Title and ownership of the goods shall pass to Buyer when the goods have been accepted by Buyer.

4.3 Risk of Loss. The risk of loss of any kind occasioned in transit, regardless of cause, shall be on Seller until the goods have been accepted by Buyer, including any loss, damage or shipping expenses resulting from rightfully rejected goods, notwithstanding the manner in which the goods are shipped or who pays freight or transportation costs.

4.4 Incorrect Shipment. Shipment of incorrect material or quantities of material shall not convey to Buyer ownership of such material and shall be reported within a reasonable time of their discovery. The cost of shipment to return such items will be borne entirely by Seller.

5. INSPECTION AND APPROVAL

5.1 Inspection. All items received are subject to inspection and acceptance by Buyer at destination within a reasonable time after delivery. Acceptance of any item shall not be deemed to alter or affect the obligations of Seller under the Warranties provisions hereof.

5.2 Approval. It is understood that all goods furnished under this order shall be subject to the approval of the Buyer.

6. TERMINATION REMEDIES

6.1 Non-Conforming Goods. Buyer shall have the right to reject, in whole or in part, any goods that are defective or non-conforming or not delivered in strict compliance with the delivery terms and specifications set forth in this Purchase Order.

6.2 Termination for Convenience. Buyer reserves the right to terminate all or any part of this contract at any time for its convenience.

6.3 Seller's Exclusive Remedy for Buyer's Termination or Breach. Except as to specially fabricated goods which are not suitable for re-sale, Seller agrees that its exclusive remedy in the event of termination of this contract for the convenience of Buyer or a breach of contract by Buyer shall be the return to Seller of the goods in the same condition as furnished to Buyer and at Buyer's expense. With respect to goods used by Buyer, Buyer's sole obligation for Buyer's breach or termination shall be to pay the contract value of the goods so used. With respect to specially fabricated goods not suitable for resale, Buyer's sole obligation for Buyer's breach or termination shall be to pay the reasonable value of the goods supplied or work performed to the date of termination, plus a reasonable allowance for overhead and profit. In any event, Buyer shall not be liable to Seller for any incidental or consequential damages or for lost profits on the breached or terminated portion of the contract.

7. PAYMENT

Seller shall not issue invoices prior to shipment unless specifically stated otherwise on the face of this Purchase Order. Payment for conforming goods is due 45 days from the date Buyer receives the invoice unless stated otherwise on the face of this Purchase Order.

8. SELLER'S WARRANTIES

8.1 Industry Standards. All goods sold to Buyer must meet applicable ASO, ASTM, UL, and other applicable industry and government standards established for such goods. Seller shall provide certification to this effect upon request.

8.2 Specific Warranties. Seller warrants that (i) its materials, workmanship and design (except where Buyer supplied the design) are of good quality and that the goods are merchantable and fit for their intended purpose if Seller knows or has reason to know the purpose for which Buyer intends to use the goods; (ii) the goods sold comply with all plans and specifications, drawings, samples or other descriptions and conform to all applicable ASO, ASTM, UL and other applicable industry or government standards established for such goods and that Seller will provide certification to this effect upon request; (iii) the goods are free of all defects in materials and workmanship and are of the quality specified by Buyer or of the best grade of their respective kinds if no quality has been specified; and (iv) these warranties are in addition to those implied by Georgia or Federal law.

8.3 Warranty Period. The warranties set forth in Section 8 shall extend for a period of one year from the date of acceptance, or for such longer period as the Buyer may be liable to its customer when the goods are incorporated into another product which Buyer sells to a customer.

8.4 Buyer's Warranty Remedies. Upon notice, Seller will cure any defect or provide a replacement at no cost to Buyer. If Seller fails to act within a reasonable amount of time, Seller shall become liable for Buyer's costs of cover or cure. This warranty shall not be construed to limit Seller's liability for monetary damages for Buyer's cost for cover or cure, labor, delay or for any other damages allowed Buyers under with the provisions of the Georgia Uniform Commercial Code, including contract termination.

9. MISCELLANEOUS PROVISIONS

9.1 No designs, tools, patterns, drawings or other information supplied by Buyer to Seller for use in the manufacture of the items constructed for herein shall be used in the production, manufacture or design of items for any other purchaser, not for the manufacturer or production of any other quantities than those specified by Buyer, except with the express consent in writing of the Buyer. At the termination of this contract, they shall be disposed of as the Buyer shall direct.

9.2 Buyer may set-off against any amount due to Seller any claim or change it might have against Seller.

10. LABOR DISPUTES

Whenever an actual or potential labor dispute is delaying or threatening to delay the performance of this contract, Seller will immediately give notice thereof to the Buyer.

11. DISPUTES

11.1 Choice of Forum / Arbitration. Any controversy or claim arising out of or relating to this contract or the breach thereof, shall be settled by arbitration before a single Arbitrator in Bibb County, Georgia in accordance with the Georgia Arbitration Code and judgment upon the Award rendered by the Arbitrator may be entered in any court of competent jurisdiction.

11.2 Choice of Law. This Agreement shall be governed by and construed under the laws of the State of Georgia including its common law.

12. GOVERNMENT PROJECTS

If the goods covered by this Agreement are used by Buyer in connection with its performance of a federal, state or local government contract, Seller shall produce, furnish, and deliver all such material and equipment in strict compliance with the provisions prescribed for contracts by Federal Executive Order 11246, relating to the elimination of discrimination because of race, creed, color, or national origin in employment or work involving government contracts or federally assisted construction contracts and the applicable provisions of the Code of Federal Regulations, including any such applicable provisions referred to or required by Buyer's customer, all of which by this reference are incorporated herein. The Seller shall execute and deliver such documents as may be required to effect or to evidence compliance.

13. SELLER'S INDEMNITY

Seller hereby agrees to indemnify and save harmless the Buyer from and against all claims, liability, loss, damage or expense, including actual attorney's fees sustained by Buyer, due to Seller's breach, including failure to deliver goods in accordance with the terms and instructions agreed upon by Buyer and Seller, defects in or nonconformance of goods sold, liquidated damages under Buyer's contract with its customer and any damages for actual or claimed infringement of letters patent or any litigation based thereon concerning any goods purchased hereunder.