

HK METALCRAFT MANUFACTURING CORP.

STANDARD MANUFACTURING TERMS AND CONDITIONS

APPLICABILITY

These Standard Terms and Conditions shall apply to all customer product orders and contracts pursuant to which HK Metalcraft supplies manufactured parts or other services. HK Metalcraft shall not be bound to any other terms or conditions in addition to or in replacement of any of these Standard Terms and Conditions, regardless of whether such other terms are deemed to materially alter these Terms and Conditions, unless HK Metalcraft expressly agrees to such other terms or conditions in a signed writing. All customer orders are expressly limited to the acceptance of these Terms and Conditions and any terms contained in any purchase order or other purchase document from Customer, whether in addition to or in replacement of any of these Standard Terms and Conditions, shall be of no effect and are hereby rejected by HK Metalcraft in their entirety.

WARRANTIES

HK Metalcraft warrants only that the parts furnished will conform in material, size and thickness subject to the Tolerances specified below. HK Metalcraft disclaims any and all other express or implied warranties and specifically makes NO WARRANTY OF MERCHANTABILITY and NO WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE.

INSPECTION BY CUSTOMER

Customer shall inspect all delivered parts for conformity to specifications and shall not utilize any non-conforming parts for any purpose whatsoever. Customer expressly assumes all risk with respect to the use of any non-conforming parts and shall indemnify and hold harmless HK Metalcraft from and against any and all liability, damages or costs (including attorneys fees and costs) incurred by HK Metalcraft as a result of the use of non-conforming parts.

LIMITATION OF REMEDY AND LIABILITY

Customer's sole remedy for non-conforming parts shall be the right to receive a purchase price refund or replacement parts at HK Metalcraft's option. If any given parts delivery contains both conforming and non-conforming parts, the Customer's remedy shall only apply to those parts that are non-conforming and Customer shall not be entitled to reject the entire order. Customer shall not return any non-conforming parts to HK Metalcraft unless so directed and authorized by HK Metalcraft in writing and Customer shall be solely responsible for any transportation expenses associated with any unauthorized return. HK Metalcraft's liability for non-conforming parts shall be limited in amount to the amount charged by HK Metalcraft for the parts determined to be non-conforming. HK Metalcraft shall have no liability whatsoever for any actual, special, incidental

or consequential damages or loses (including no recall or line stoppage liability) which may be suffered by customer.

TOLERANCES

Unless HK Metalcraft expressly states otherwise in writing, all parts furnished shall be subject to ordinary commercial tolerances as regards to thickness and to a tolerance of plus or minus 1/64" with respect to all other dimensions.

PAYMENT TERMS

Unless HK Metalcraft expressly states otherwise in writing, payment terms for all ordinary production parts shall require payment within thirty (30) days of invoice and payment terms for engineering and labor charges and pre-production sample parts shall require payment within ten (10) days of invoice. Any sample parts not rejected by the Customer within ten (10) days of invoice shall be deemed to be conforming and all associated engineering and sample parts charges shall be due and payable even if Customer's internal evaluation of such sample parts is not complete within the ten (10) day period. No early or prepayment discounts shall apply. All orders shall be FOB HK Metalcraft's Lodi, New Jersey facility and all transportation and transportation insurance expenses shall be borne by Customer separate from the parts price paid to HK Metalcraft. All invoices not paid in a timely manner shall incur interest from the due date at a rate of twelve percent (12%) per annum (or if less, the highest rate permitted by applicable law). If HK Metalcraft is required to initiate any legal proceedings or to engage the services of an attorney to collect any amounts due to it, Customer shall reimburse HK Metalcraft for such costs and expenses.

PRICE ADJUSTMENTS

Unless HK Metalcraft expressly states otherwise in writing, all contract prices shall be subject to adjustment due to increases in manufacturing costs that occur subsequent to HK Metalcraft's price quote including raw materials cost, outside processing or subcontractor costs and costs of compliance with increased governmental requirements or regulations.

SPECIAL TOOLS

If HK Metalcraft determines that special tools are necessary to produce the ordered parts, HK may charge a one-time engineering charge in an amount quoted at the time of order. Payment of such engineering charge does not convey title or ownership of the special tools to Customer and all such special tools are and shall remain the sole property of HK Metalcraft. Customer shall have no right to possess or remove any special tools from HK Metalcraft's facility. HK Metalcraft shall hold all special tools at its facility in readiness for future product orders at no additional storage charge. HK Metalcraft shall be entitled to dispose of any special tools not utilized in production for a period of one year without any notice to Customer. Customer acknowledges that the special tooling charge may or may not represent all of the cost of

designing and manufacturing the special tools and that all special tools shall be designed to fit HK Metalcraft's present manufacturing equipment and may not be compatible with any future or other manufacturing equipment. HK Metalcraft may use special tooling to produce parts for others.

CUSTOMER SPECIFICATIONS

In the event that Customer provides specifications for parts to be manufactured by HK Metalcraft, Customer warrants to HK Metalcraft that Customer has all legal or other rights necessary to utilize such specifications and shall indemnify and hold harmless HK Metalcraft from and against any and all liability, damages or costs (including attorneys fees and costs) incurred by HK Metalcraft as a result of the use of such specifications including, but not limited to, any claims by third parties for infringement of patent or other intellectual property rights.

QUANTITIES

Customer acknowledges that it is not technically possible to manufacture parts in exact quantities. HK Metalcraft thus reserves the right to over-ship or under-ship any given parts order by a factor of ten percent (10%) of the order quantity. Invoice shall reflect the exact number of parts produced and shipped.

FINISH

Unless an order specifically provides for coating or finishing, all parts shall be manufactured from ordinary commercial materials and all manufactured parts shall be furnished in the same condition as when they leave HK Metalcraft's manufacturing machines without any protective finish or coating. Customer acknowledges that uncoated metal parts are subject to rust or oxidation and any presence of rust or oxidation on such parts upon delivery shall not be deemed to be a defect.

CUSTOMER SUPPLIED MATERIALS OR SERVICES

If Customer is to provide raw materials or other materials, tooling or other services in connection with parts to be manufactured by HK Metalcraft, Customer assumes full responsibility for their quality and suitability without any responsibility of HK Metalcraft to inspect or otherwise assess them. Customer shall indemnify and hold harmless HK Metalcraft from and against any and all liability, damages or costs (including attorneys fees and costs) incurred by HK Metalcraft as a result of Customer supplied materials, tooling or services.

DELIVERY DATES AND SCHEDULES

Specified delivery dates and HK Metalcraft's performance in general are subject to extension due to causes beyond HK Metalcraft's reasonable control including, but not limited to, fires or other casualties, strikes or labor unrest, equipment breakdowns and malfunctions, inability to obtain or delay in obtaining raw material and transportation delays or interruptions. Unless HK Metalcraft

expressly states otherwise in writing, all pricing is based on manufacturing the entire quantity of parts ordered in one continuous manufacturing run and shipping the entire quantity as one shipment. Customer requirements for spread out delivery schedules or deferred or periodic shipments may result in increased pricing. Customer acknowledges that unless HK Metalcraft expressly states otherwise in writing, HK Metalcraft manufactures parts only upon receipt of a binding Customer order and does not maintain safety stocks of raw material and manufactured part inventory. Customer is responsible for establishing its own parts requirements and order lead times.

CANCELLATION

If Customer cancels any parts order after placement, Customer shall be responsible for payment at the order price for all parts that have been manufactured at the time of cancellation regardless of whether Customer takes delivery of same. In addition, Customer shall reimburse HK Metalcraft for all costs incurred by HK Metalcraft with respect to ordered parts which have not yet been manufactured including but not limited to raw material costs and any special tooling expenses. Provided Customer reimburses HK Metalcraft for its raw material costs within the payment term for any given cancelled order, if HK Metalcraft is able to make later use of any unused raw material, HK Metalcraft shall refund or credit to the Customer the fair value of the raw material as of the time of the later use.

ASSURANCE OF PERFORMANCE

All shipments, deliveries and performance of work by HK Metalcraft shall at all times be subject to approval of Customer's creditworthiness. HK Metalcraft shall not be obligated to manufacture or ship any parts for any Customer for which HK Metalcraft does not give or revokes credit approval unless such Customer agrees to provide adequate assurances of performance. Adequate assurances may include the requirement that Customer pay the entire order price in advance of manufacture or at the time of delivery.

GOVERNING LAW AND JURISDICTION

This contract and all matters relating to the business relationship between HK Metalcraft and Customer shall be governed by the substantive laws of the State of New Jersey (without consideration of any conflict of law principles that might provide a different jurisdiction's law may govern). The United Nations Convention on Contracts for the International Sale of Goods shall not apply under any circumstances. In addition, all litigation regarding this contract and all matters relating to the business relationship between HK Metalcraft and Customer shall be brought in the courts of the State of New Jersey or the courts of the United States located in the State of New Jersey. Customer hereby consents to the jurisdiction of such courts and waives any defense of lack of jurisdiction or forum non conveniens.