



D&G MACHINE PRODUCTS, INC.
50 Eisenhower Drive, Westbrook, Maine 04092, USA
(207)854.1500 * Fax (207)854.0726
www.dgmachine.com

D&G Machine Products Purchase Order Terms

Acceptance of terms: This purchase order (the "Order") becomes a contract subject to the terms and conditions set forth herein when accepted by acknowledgement or commencement of performance by Seller. Acceptance is limited to these terms and conditions and no addition to or change in the terms and conditions hereof shall be valid or binding on the parties unless agreed to in writing by D&G Machine Products, Inc.

("Buyer"). The failure of Buyer to actively reject, either orally or in writing, any additional conflicting or contradictory term contained in any subsequent document or communication between Buyer or Seller relating to the transactions referred to in this purchase order shall not constitute an assent to such terms and conditions.

Inspection: Buyer shall have the right to inspect and test all goods and/or services delivered under the Order. Neither receipt nor payment for goods and/or services shall constitute acceptance. Buyer may reject any or all items that are nonconforming, as determined by Buyer's sole reasonable judgment, at any reasonable time after delivery. Buyer's failure to inspect shall not relieve Seller of any of its responsibilities. Material shipped in quantities in excess of the amount stated in the Order may be returned at Seller's expense. If goods are rejected, they will be held at Seller's risk and expense and Seller shall bear the risk of loss or damage to such goods until received by Seller.

Invoices and Payments: Unless otherwise specified in this Order, payment terms will be Net 45 Days. All quotes and amounts paid under the Order shall be in U.S. Dollars. Seller shall bear the risk of fluctuation in foreign exchange rate. Buyer shall have no obligation to pay any amount prior to receipt of a correct and proper invoice for such amount prepared in accordance with the Order. Except as expressly provided in the Order, payment shall not be due until final acceptance by Buyer. Buyer shall have the right to reduce and set off against amounts payable under the Order any indebtedness or other claim which Buyer may have against Seller, however and whenever arising.

Discount Terms: If payment discounts are offered and identified, such discount periods will be computed from the date of delivery of the goods or services ordered; or the date of Buyer's receipt of a correct and proper invoice, whichever is later. Payment or other terms identified on the Seller's invoice which are contrary to those of the Order shall have no force and effect unless acted upon or approved in writing by Buyer. Buyer will make every effort to pay invoices within the terms prescribed in the Order, however, in no event will Buyer be obligated to pay late fees or penalties for invoices paid outside the Order terms.

Packing: Buyer's purchase order number and specific delivery location must appear on the outside of each package and on all packing slips, invoices, and allied papers. Raw materials must be marked with corresponding heat numbers. A packing slip must be included with each shipment and be accompanied by required certifications and MSDS as stated in the Order. Except as expressly provided in the Order, Seller shall pack, mark and prepare all shipments to meet the carrier's requirements, at Seller's expense.



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Notice of Delay: Supplier must notify Buyer immediately of any delays in delivery.

Timely Delivery: Time is of the essence in fulfillment of the Order. Shipment and delivery shall be made in accordance with the Order; provided, that if not addressed in the Order, delivery shall be made within five (5) days of Buyer's issuance of the Order. Buyer may, at its option, and without limitation of any of its other rights, cancel all or any unfilled part of the Order if complete, conforming delivery is not made within the times specified. Buyer is not required to accept partial or incomplete delivery. Acceptance of any part of the Order shall not bind Buyer to accept any future shipments.

Freight Charges: Except as expressly provided in the Order, packing, shipping, unloading, assembling and installation are included in the purchase price set forth in the Order and Buyer shall not be charged any additional amounts for such services. All goods will be shipped freight prepaid, F.O.B. destination and free of fuel and other surcharges unless the order states otherwise.

Change in Specifications: Buyer reserves the right at any time to suspend this Order or make changes in drawings and specifications as to any goods covered by this Order. If price or time for performance of this Order is impacted by such changes, this Order may be equitably adjusted accordingly, as agreed to in writing by Buyer.

Material Furnished by Buyer: Unless otherwise specified, Seller at its own expense shall furnish, keep in good condition and replace when necessary all dies, tools, gauges, fixtures, patterns, etc. ("Tooling"), necessary for the production of the goods ordered. The cost of changes in the aforementioned items necessary to effect design or specification changes ordered by Buyer shall be paid for by Buyer. Buyer has the option, however, to take possession of and title to such Tooling that is special for the production of goods covered by this purchase order. Buyer shall pay to Seller the unamortized cost thereof, provided, however, that this option shall not apply if the goods hereby ordered are standard products of Seller, or if substantial quantities of like goods are being sold by Seller to others. Any Tooling paid for by Buyer shall be the property of, and title shall vest in Buyer at the time of payment. Seller shall return all Tooling paid for by Buyer upon Buyer's request and Seller shall keep said Tooling free from all liens and encumbrances, insuring such Tooling against loss or destruction. Risk of loss of all such Tooling shall be upon Seller unless and until such Buyer takes possession of the same.

Compliance with Laws: Seller represents and warrants that, in the production and sale of goods to be delivered pursuant hereto, and in the provision of services hereunder, Seller has complied with all applicable federal, state, and municipal laws and regulations, including, without limitation, (a) all such laws and regulations pertaining to health, safety and environmental standards, (b) all such laws and regulations pertaining to design, manufacture, testing, labeling, and transportation of such goods.



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Confidentiality: Seller shall preserve in strict confidence all confidential, sensitive or proprietary information of Buyer.

Conduct of Personnel: While at any Buyer locations, Seller's personnel, agents, and subcontractors shall comply with all reasonable requests, standard rules, and regulations communicated to Seller regarding personal and professional conduct, including without limitation any security or privacy requirements, and shall otherwise conduct themselves in a businesslike manner.

Conflict of Interest:

a. Buyer's policy requires avoidance of real or apparent conflict of interest. No employee, officer or agent of Buyer shall knowingly participate in the selection, award or administration of a contract with Seller if such employee, officer, or agent, or, if that employee, officer, or agent is an individual, any member of that individual's immediate family, has a material financial interest in Seller, or is negotiating, or has any arrangement concerning prospective employment with Seller.

b. If Seller has reason to believe any officer, employee or agent of Buyer has violated any provision of this paragraph, Seller immediately shall notify Buyer of the suspected violation by sending notice thereof to the Purchasing Manager, at D&G Machine Products, 50 Eisenhower Dr Westbrook, Me. 04092.

Warranties: Seller warrants that all material, work product, and merchandise supplied under the Order (a) shall strictly conform to all specifications, drawings, samples, or other descriptions furnished to and approved by Buyer, (b) shall be fit and serviceable for the purpose intended, as agreed to by Buyer and Seller (c) shall be of good quality and free from defects in materials and workmanship, (d) shall be new and not refurbished or reconditioned, unless expressly agreed in writing by Buyer, and (e) shall not infringe any patent, copyright, mask work, trademark, trade secret or other intellectual property, proprietary or contractual right of any third party. In addition, Seller warrants that Buyer shall have good and marketable title to all goods (including all components thereof) purchased by Buyer pursuant to the Order, free of all liens and encumbrances, and that no licenses are required for Buyer to use such goods. With respect to services, Seller warrants that all services shall be provided in a professional and workmanlike manner, with a degree of skill and care consistent with current, good and sound professional procedures. Neither receipt of material, work product, or merchandise, nor payment therefore, shall constitute a waiver of this provision. If a breach of warranty occurs, Buyer may, in its sole discretion, and without waiving any other rights, return for credit or require prompt correction or replacement of the nonconforming goods or services.

Insurance: Buyer, and all sub-contractors and suppliers of Buyer with respect to items to be purchased under the terms of this Order, shall maintain comprehensive general liability insurance coverage including but not limited to products liability and completed operations with limit of \$1,000,000.00 combined single limit for bodily injury and property damage, naming Buyer as additional insured with 30 day notice in the event of cancellation.



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Assignment and Sub-contracting: Seller shall not assign all or any part of this purchase order, nor delegate any duties, nor assign any rights or claims under this purchase order without Buyer's prior written consent, and any such attempted delegation or assignment shall be voidable, at the option of Buyer.

Record Retention for Traceability: Unless otherwise specified, all items furnished under the terms of this Order shall have documentation on file for at least one (7) year after delivery to permit traceability from the delivered item back through its manufacture and inspection to the procurement records on its constituent parts and materials. These records shall be sufficient to prove conformance to all applicable specifications and drawings and shall provide means for identifying all like items.

Code of Conduct

Supplier agrees that it shall comply with D&G Machine Products, Inc. "Supplier Code of Conduct", which is incorporated by reference herein and will be provided when requested.

Counterfeit Goods

- a) Supplier shall not furnish Counterfeit goods. Supplier agrees to deliver goods obtained directly from the Original Component Manufacturer (OCM) or the Original Equipment Manufacturer (OEM) (collectively, the Original Manufacturer (OM) or an authorized OM reseller or distributor (collectively, an Authorized Distributor). Counterfeit goods or Suspect Counterfeit goods are defined as an unauthorized copy or substitute of an Original Manufacturer or Original Component Manufacturer (collectively, "OEM") item; that is not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture and do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design or have been reworked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new. Counterfeit goods shall be deemed nonconforming to this purchase order.
- b) Supplier shall implement an appropriate strategy to ensure that goods furnished to Buyer under this purchase order are not counterfeit.
- c) If Supplier becomes aware or suspects that it has furnished Counterfeit goods to Buyer under this purchase order, Supplier promptly, but in no case later than thirty (30) days from discovery, shall notify Buyer and replace, at Supplier's expense, such Counterfeit goods with OEM or Buyer-approved goods that conform to the requirements of this purchase order. For confirmed Counterfeit goods, GIDEP notification shall also be made no later than sixty (60) days after discovery. Supplier shall be liable for all costs related to the replacement of Counterfeit goods, including the removal and replacement of Counterfeit components from higher level assemblies and any testing or validation necessitated by the installation of authentic goods after Counterfeit goods have been replaced.
- d) Supplier bears responsibility for procuring authentic goods or items from its sub-tier suppliers and shall ensure that all such sub-tier suppliers comply with the requirements of this provisions.



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Product Safety

Supplier shall plan, implement, and control the processes needed to assure product safety during the entire product life cycle, as appropriate to the purchase order.

Requirements for Products and Services

- a) Supplier shall ensure that it has the ability to meet the requirements of purchase order and shall perform a review prior to acceptance of purchase order.
- b) Supplier shall ensure that persons performing work relating to purchase order are knowledgeable in the Suppliers Quality policy, objectives, and their contribution to the effectiveness of the Suppliers Quality Management System.

Shelf Life

Suppliers of items with shelf life e.g., Adhesive, Sealant, Catalyst, Epoxy, Rubber, Bearings, and Paint, shall indicate either on the container or provide a document stating the date of manufacture, warranted storage at room temperature, storage life beyond warranty period as established by supporting documents/data (e.g., military specifications, stability studies, etc.) Material must be received at DGM with a least 75% of the useful shelf life remaining, unless otherwise stipulated. In cases of rubber material, a certificate must be supplied separate from Supplier's packing list but included with the material, specifying rubber cure date and if required by specification, the durometer reading.

OCCUPATIONAL SAFETY AND HEALTH ACT: Seller hereby warrants that all goods shall conform to the Occupational Safety and Health Act (OSHA). In the event that the goods do not conform to OSHA and Buyer is penalized for such nonconformance, Seller shall reimburse Buyer for all penalties, costs and expenses, including interest, and costs, including reasonable attorney's fees, levied against or incurred by Buyer.

Entire Agreement: These terms and conditions and the Purchase Order shall (unless expressly agreed otherwise in writing by the Buyer) comprise out the entire terms and conditions of the contract in relation to the subject matter of the Purchase Order and the Provider's terms and conditions of contracting are expressly excluded. The Order and these terms and conditions shall therefore take priority over any other arrangements, communications (whether verbal or written), or any other documents (including, but not limited to, other purchase orders, or other terms and conditions) except if the Purchase Order is displaced pursuant to an over-riding contract pertaining to the Goods and/or Services either, issued by, or referred to, by the Buyer.

Costs: Buyer and Seller shall each bear their own costs in connection with the negotiation and consummation of the Order and the transactions contemplated herein. Seller shall be liable for all costs, including, but not limited to, reasonable attorney's fees, incurred by Buyer in enforcing any of its rights under the terms of this Order.

Applicable Law: This Order shall be governed by and construed in accordance with the laws of the State of Maine, without giving effect to principles of conflicts of laws. . All parties to this Agreement waive any right to trial by jury in such action.



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Litigation: With regard to any dispute in connection with this Order, each party hereto consents to the personal jurisdiction of all federal or state courts located in Cumberland County, Maine, agrees to accept process served in accordance with applicable rules of any such court, and agrees to waive any objections to personal jurisdiction of such court, regardless of whether such party resides within the State of Maine at the time a legal action is commenced. EACH PARTY FURTHER AGREES THAT ANY COURT ACTION WITH RESPECT TO ANY SUCH DISPUTE MAY BE BROUGHT SOLELY IN A FEDERAL OR STATE COURT LOCATED IN CUMBERLAND COUNTY, MAINE AND EACH PARTY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY SUCH ACTION.