

ILCO INDUSTRIES
PURCHASE ORDER TERMS & CONDITIONS

1. **ACCEPTANCE.** This Purchase Order ("Order") is not binding upon ILCO ("Buyer") until accepted by Seller. Acceptance of all terms and conditions of this Order shall take place when (a) Buyer receives the acknowledgement copy of this Order properly executed by seller within 5 days after the date appearing on the face hereof, or (b) Seller delivers to Buyer the items ordered within such period.
2. **ACCEPTANCE OF THIS ORDER IS EXPRESSLY LIMITED TO THE TERMS HEREOF. IN THE EVENT OF INCONSISTENCY BETWEEN THE TERMS OF THIS ORDER AND ANY PURPORTED ACCEPTANCE, THE TERMS OF THIS ORDER SHALL PREVAIL. UNLESS OTHERWISE SPECIFIED BY ILCO, ALL DELIVERIES ARE FOB DESTINATION.**
3. **PRICE.** Seller agrees that: (a) if the price is omitted from this Order or any part of this Order, Seller's price will not be higher than Seller's lowest prevailing price for the corresponding items as of the date hereof; and (b) any reduction in price in any item covered by this Order made subsequent to its receipt by Seller shall be applicable hereto.
4. **EXTRA CHARGES.** No extra charges of any kind, including charges for packing or cartage will be allowed unless specifically agreed to by Buyer in advance.
5. **F.O.B. POINT.** Unless otherwise specifically provided on the face of this Order, the supplies called for hereunder shall be delivered on an F.O.B. origin basis.
6. **WARRANTIES.** By accepting this Order, Seller warrants that the items to be furnished hereunder will be (i) in full compliance with Buyer's specification, blueprints, drawings and data or Seller's samples, if any; (ii) or merchantable quality; (iii) fit for the use intended by Buyer; (iv) in conformance with any samples; and (v) free from any actual or claimed patent, copyright, trade secret, mask work right or trademark infringement. Seller warrants title to the items, free and clear of all liens, encumbrances and security interests. Seller warrants that no counterfeit parts are supplied. Seller shall warrant that the product is safe for the intended purpose within the scope of the purchase order. Acceptable product quality, safe product and utmost ethical behavior are requirements to the purchase order.
7. **INVOICES.** Each invoice issued as a result of this purchase: (a) shall be rendered separately for each delivery; (b) shall not cover more than one Order; (c) shall contain the Order number under which it is issued; and (d) shall be rendered to the proper accounts payable department of Buyer as set forth on this Order. Invoice payment term will be calculated from the date the invoice is received by the proper accounts payable department of the Buyer.

8. **INSPECTION.** Each and every item purchased hereunder is subject to Buyer's inspection and approval at any place the Buyer may reasonably designate. Buyer expressly reserves the right, without liability here under or otherwise, to reject and refuse acceptance of items which do not conform in all respects to (a) any instructions contained herein; (b) Buyer's specifications, drawing, blueprints, and data; and (c) Seller's warranties and each of them whether such warranties are express or implied. Payment for any item shall not be deemed an acceptance thereof. Seller shall report any non-conformance to Buyer within one (1) week of discovery, along with the proposed corrective actions. In the event of non-conforming products already shipped to Buyer, Seller shall notify Buyer within three (3) days from discovering the non-conformance. Seller shall grant Buyer, its customers, and regulatory agencies the right of entry to the Seller applicable areas of facilities and to applicable documented information, of the Seller and at any level of the Seller supply chain.
9. **INDEMNIFICATION.** Seller shall indemnify and hold Buyer harmless from any claim, demand, cause of action or damage for which Buyer might become liable arising from or in connection with Seller's performance hereunder. In addition to any indemnification as provided hereunder, if by virtue of a patent infringement suit an injunction shall issue against Buyer which prohibits or limits the use of any items purchased hereunder, Seller at Buyer's request shall supply Buyer with non-infringing replacement items of a similar kind and quality.
10. **COMPLIANCE WITH LAW.** Upon acceptance of this Order, Seller warrants and represents that it has and will continue during the performance hereunder to comply with all relevant provisions of Federal, State and local laws and regulations. In particular, Seller shall comply with the rules and regulations of CAL-OSHA and Federal OSHA regarding workplace safety requirements. In addition, Seller shall conform to the highest ethical standards in fair dealing and fair treatment in relation to his/her customers, to his/her vendors, and to other stakeholders.
11. **NON-PUBLICITY.** Without the prior written consent of Buyer, Seller shall neither: (a) make any news release, public announcement, denial or confirmation of this Order or its subject matter; nor (b) in any manner advertise or publish the fact that Buyer has placed this Order.
12. **CONFIDENTIAL RELATIONSHIP.** Seller shall treat as confidential all specifications, drawings/blueprints, and data supplied by Buyer. Seller shall not disclose any information relating to this Order to any third person not entitled to receive it.
13. **TERMINATION.** Buyer may terminate work under this Order in whole or in part at any time by notice to seller in writing. Seller will there upon immediately stop work on this Order, or the terminated portion thereof, and notify its subcontractors to do likewise. Except for such termination as is caused a default or delay to seller, Seller shall be entitled to reimbursement for its actual costs applicable to the termination incurred up to and including the date of termination and determined in accordance with generally recognized accounting practices. Seller shall also be entitled to reasonable profit on the work done prior to such termination at a rate not exceeding the rate used in establishing

the original purchased price. The total of such claim shall not exceed the cancelled commitment value of this Order.

14. TERMINATION FOR DEFAULT.

- a. Time is of the essence under this Order. Buyer may, by written notice, terminate this Order in whole or in part if the seller fails: (i) to make delivery of the items or to perform the services within the time specified herein, or any extension thereof by written change order or amendment; or (ii) to replace or correct defective items in accordance with the provisions of those clauses hereof entitled "WARRANTIES" and "INSPECTION", or (iii) to perform any of the other provisions of this Order or so fails to make progress as to endanger performance in accordance with its terms. The Buyer's sole discretion shall determine such circumstances.

15. ATTORNEY'S FEES. If seller and Buyer are unable to resolve any dispute arising under this Order and any arbitration, suit or other judicial proceeding is instituted with reference thereto the successful party in any such suit or other judicial proceedings shall be paid promptly by the other party an additional amount equal to the successful party's reasonable attorney's fees and costs incurred.

16. GENERAL

- a. If this Order is given pursuant to an existing contract, it is also subject to the terms of such contract and, in the event of any conflict with the provisions hereof, the contract terms shall control.
- b. Seller shall not assign this Order nor delegate its performance hereunder without the written consent of Buyer.
- c. Waiver by other party of any default by the other hereunder shall not be deemed a waiver by such party of any other default.
- d. Seller shall not change this Order nor ship non-conforming items without first obtaining the express written consent of the Buyer.

17. ASSIGNMENTS. No right or obligation under this Order (including the right to receive monies due hereunder) shall be assigned by Seller without the prior written consent of Buyer, and any purported assignment without such consent shall be void. Buyer may assign this Order at any time if such assignment is considered necessary by Buyer in connection with a sale of Buyer's assets or a transfer of its obligation.

18. APPLICABLE LAW. This Order shall be governed by, subject to and construed in accordance with the internal laws of the State of California.

19. DISPUTE RESOLUTION. If a dispute arises regarding the interpretation or performance of this Order, the dispute shall be mediated by a single neutral mediator not affiliated with any of the parties (the "Neutral"). Such Mediation shall take place in Los Angeles County, California. In the event the parties are not successful in resolving the dispute through mediation the dispute shall be resolved by binding Arbitration in accordance with the rules of the American Arbitration Association governing commercial transaction. Such arbitration shall take place in Los Angeles County, California.