

Quality Coils, Inc.

Terms and Conditions for Suppliers

Page 1 of 2

- 1.) AGREEMENT. The terms and conditions of the Purchase Order and any documents referred to herein constitute the entire agreement between the parties hereto and supersede all prior understandings and communications. Representations or agreements whether verbal or written, between said parties with respect to the subject matter hereof and no agreement or understanding varying, modifying or altering the terms hereof shall be binding upon the parties hereto unless in writing and signed by a duly authorized officer or representative.
- 2.) BILLING AND SHIPPING. (A) Seller will carefully observe shipping instructions and, if not otherwise specifically stated, ship the cheapest way. NO charges will be allowed for boxing, packaging or carriage without written authorization from the buyer.
(B) ON date of shipment, mail bill of lading and invoice for each shipment to buyer's address as shown on the front of the Purchase Order. F.O.B. point, cash discount terms, purchase order number, shipping order number, and item numbers must be shown on all invoices. Purchase Order numbers and item numbers must also be shown on all packages, Bill of Ladings, shipping notices and tags.
- 3.) AGREEMENT ON PRICES. By acceptance of this order Seller agrees that the prices contained herein are not in excess of Seller's list catalogue or published prices, that such prices are not higher than prices catered to other purchasers purchasing similar equipment; that the said prices are not in excess of the prices provided by an applicable law, government decree, order or regulation.
- 4.) ACCEPTANCE. Seller by commencing work hereunder or making delivery of any article pursuant hereto, shall be deemed to have accepted and agreed to all of the terms and conditions of the Purchase Order.
- 5.) DELAY. Time is of the essence of the Purchase Order and if articles or materials are not delivered within the time specified or within a reasonable time if no time is specified, Purchaser may refuse to accept same and may cancel the Purchase Order.
- 6.) WARRANTY. Seller expressly warrants that all articles or material ordered herein will conform to specifications, drawings, samples or other description furnished or adopted by Purchase and that such articles or material will be fit and sufficient for the purposes intended of merchantable and good quality and workmanship and free from defects, liens and encumbrances. Purchaser reserves the right to cancel the Purchase Order if articles or materials are not warranted or, at Purchaser's option, to have Seller replace such articles or material at Seller's expense in the event of any breach of warranty. All warranties shall run to Purchaser and its customers.
- 7.) WAIVER. No waiver by Buyer of any drawing specification or other requirement on one occasion shall constitute a waiver of any requirements for remaining performance hereunder unless so stated by the Buyer.
- 8.) INSPECTION AND TEST. All items shall be subject to inspection and test by Buyer at all times and places and if any such inspection or test is made on Seller's premises, Seller shall furnish without additional charge, all reasonable facilities and assistance for the safety and convenience of the persons conducting such inspections or tests. If any items are defective in materials workmanship or otherwise fail to meet the requirements of the Purchase Order Buyer shall have the right to reject such times. Rejected items will be returned by QCI at Seller's risk for refund, credit, repair or replacement as deemed appropriate by Buyer. Seller shall pay Buyer for all handling and transportation expenses incurred in connection with the return of reject items and supply of replacement items. See Clause 26 for Quality System Requirements.
- 9.) BUYER'S PROPERTY. Unless otherwise provided herein, or in any other agreement between the Buyer and Seller, all items, materials, facilities, tools, jigs, dies, fixtures, patterns, or equipment furnished or paid for by the Buyer shall be the property of Buyer and Seller shall bear all risk of loss thereof and damage hereto (normal wear and tear excepted) while such property is in Seller's possession. Property covered by this provision shall be suitably protected, segregated, and marked as the property of Buyer, shall not be moved from Seller's premises without written Buyer approval, and shall be immediately delivered to Buyer upon request.
- 10.) CHANGES. Purchaser may at any time by written notice make changes in drawings and specifications, require additional conditional work or direct the omission of work covered by the Purchase Order. If such changes cause and increase or decrease in the monies owing hereunder or in the time of place required for performance and equitable adjustment shall be made and the Purchase Order shall be modified accordingly in writing and signed by the parties. Any claim for adjustment under this provision must be given together with amounts therefore in writing by Seller to Purchaser within thirty (30) days of the request for a change by Purchaser unless additional or less time is expressed in writing by Purchaser. QCI may change release dates or put releases "on hold" at QCI's convenience. QCI liability for lease charges will extend to goods produced for the next deliver schedule within thirty (30) days plus the existing work in process inventories required to fulfill an additional thirty (30) day delivery. Liability commences at the time of release change or when it was put "on hold".
- 11.) TERMINATION. QCI may terminate the order in whole or in part at any time upon QCI's written notification to the Sellers.
 - (a) for any reason at QCI's convenience and in such case, the extent of QCI's liability shall be; (1) completed bears to the whole or (2) if the product is hardware to pay the cost of the existing "finished goods", inventory but no more than required to fulfill the next delivery schedule within the thirty (30) days following the date of termination; plus the existing "work in process" inventories required to fulfill an additional thirty (30) days of deliveries except that there shall be no liability for inventories in either category which are readily usable or resalable. Finished goods shall mean goods that have passed final acceptance test and are awaiting delivery. "Work in Process" shall mean material in varying stages of completion with some degree of labor applied and/or individual piece parts and/or raw material in a stage of completion no more than necessary to meet delivery schedules.
 - (b) For any default by the Seller involving:
 - i. The Seller's failure to develop the product, deliver the items, and/or render the service specified by the order within the time designated herein, or
 - ii. The Seller's failure to make progress in the performance of its obligations under the order reasonably satisfactory to QCI.

With respect to default mentioned in (b) hereof, QCI's right to terminate shall be conditioned upon the Seller's failure within the (10) days after receipt of QCI notification to provide a remedy satisfactory to QCI to cure such failure or noncompliance.

In the event the Seller becomes the subject of any proceedings under state or federal law for the behalf of debtors or otherwise becomes insolvent, or bankrupt or makes assignments for the benefit of creditors, in the event of termination by QCI due to the Seller's default pursuant to (b) or for any reason described herein; QCI will have no liability to the Sellers as a result of such termination. QCI may further notify the Seller that all rights, title, and interest in and to all or any portion of materials acquired by the Seller for the performance of the order, work in process, and/or completed items specified in such notice shall pass immediately to QCI upon payment therefore, QCI shall have the right to enter upon the premises where such property and for any QCI property (described in Clause 8 hereof) maybe located and take possession thereof.

- 12.) PATENTS, TECHNICAL DATA. All drawings, specifications and other technical data or information furnished by Buyer hereunder shall remain the property of Buyer and shall not be disclosed to others or used for manufacturing purposes for other than Buyer's order, without Buyer's written permission. Seller agrees to indemnify the Buyer and its customers against all judgments, decrees, or sale of the articles delivered hereunder alone or in combination according to Seller's specification or recommendations, unless the articles are specifically made for Buyer from a design originated by Buyer and such infringement shall have necessarily resulted from Sellers compliance with special design requirements set forth in specifications or drawing furnished by Buyer. In the event the order involves payment for research and development work, Seller agrees to and hereby does grant Buyer its successors and assigns a nonexclusive irrevocable and royalty free license under any inventions, improvements or discoveries convened or first actual reduced to practice in connection with such research or development work.
- 13.) LABOR DISPUTES. Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of the order, Seller will immediately give notice thereof to Buyer. Such notice shall include all relevant information with respect to such dispute.
- 14.) FAIR LABOR STANDARDS ACT. Seller guarantees that it will comply with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act of 1938 as amended and of regulations and orders of the United States Department of Labor issued Under Section 14 thereof in producing the items or performing the services covered by the invoice for the order.

(Document # QCITC2002-1)

Quality Coils, Inc.

Terms and Conditions for Suppliers

Page 2 of 2

- 15.) EQUAL EMPLOYMENT OPPORTUNITIES. Seller agrees to comply with the provisions of Executive Order No. 11246 of September 24, 1965, relevant orders of the Secretary of Labor all of which establish requirements as to equal opportunity employment by clause Section 202 of Executive Order 11246, as it may be made by reference.
- 16.) NONSEGREGATED FACILITIES. This is a notice to prospective subcontractors of requirements for certification of nonsegregated facilities. Unless subcontractor is exempt from the provisions of the Equal Employment opportunities clause set forth above if the subcontractor exceeds 10,000.00. Seller agrees that it will not maintain any segregated facilities at any of its establishments and that Seller will complete a certification to that effect as required by the May 9, 1987 Order of the Secretary of Labor.
- 17.) REMEDIES. The remedies reserved in each order shall be cumulative and additional to any other or further remedies provided in law or equity.
- 18.) INCONSISTENCIES. In the event the printed conditions hereof are inconsistent with the typed, stamped and/or written provisions, the face hereof written, stamped and/or typed provisions shall govern.
- 19.) ASSIGNMENT. Seller shall not assign the order without the prior written consent of Buyers authorized representative.
- 20.) CONFIDENTIALITY. Except as otherwise specifically agreed, all information disclosed by QCI to Seller shall be in confidence. Seller shall take all reasonable precautions to prevent any such information from being divulged to third persons not employed by or associated with Seller including having recipient acknowledge the confidential status of such information and agreeing to like restrictions on divulging such information. This obligation of confidence shall survive termination of the Agreement and will continue for three (3) years thereafter information presently in the public domain of which becomes so, except as a result of the fault of Seller, or information which both QCI and Seller agree in writing may be disclosed, shall not be considered confidential.
- 21.) TAXES. Except as may be otherwise provided on the face hereof, the Purchase Order price includes all applicable Federal, State and Local taxes currently in effect.
- 22.) GRATUITIES. It shall be deemed a default subject to possible termination under paragraph 9 if it is found that gratuities in the form of entertainment, gifts, or otherwise were offered or given by the Seller to any officer or employee of QCI with respect to the awarding, amending or the making of any determinations with respect to the performing of such contract.
- 23.) OCCUPATIONAL SAFETY & HEALTH ACT. In addition to any other representations or warranties herein made and set forth and not in limitation thereof, the Seller hereby certifies that at the time of delivery the products supplies and or equipment delivered to the Buyer hereunder are free from unsafe and harmful conditions and comply with all applicable Federal, State and Local safety and health laws.
- 24.) CONTRACT DISPUTES. Should any dispute occur between the parties arising out of or related to this Agreement or their rights and responsibilities to each other, the matter should be settled and determined by arbitration under the then current rules of the American Arbitration Association. The decision and award of the arbitrator shall be final and binding and the award so rendered may be entered in any court having jurisdiction thereof. The arbitration shall be held and the award shall be deemed to be in the city wherein the office issuing the order is located.
- 25.) All of the above are subject to State of Connecticut Statutes in effect on the date of the Purchase Order.
- 26.) Quality System Requirements: The Quality Coils, Inc. Supplier Quality Assurance Manual is applicable to all purchase orders placed by QCI.

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