

1. **Acceptance of Purchase Order:** Columbia Gear Corporation, hereinafter referred to as "Buyer", shall not be bound by this purchase order until Seller executes and returns to Buyer an acknowledgement of this purchase order. Seller shall be bound by this purchase order and its terms and conditions, when it otherwise indicates its acceptance of this purchase order, or when it delivers to Buyer any of the goods ordered herein or renders for Buyer any of the services ordered herein. This purchase order expressly limits acceptance to the terms and conditions stated herein, and any additional or different terms proposed by the Seller are objected to and rejected unless expressly assented to in writing by Buyer. No contract shall exist except as hereinabove provided.

2. **Amendments:** The parties agree that this purchase order, including the terms and conditions on the face and reverse side hereof together with any documents attached hereto or incorporated herein by reference, contains the complete and final contract between Buyer and Seller; that no agreement or understanding to modify this contract shall be binding upon Buyer unless in writing and signed by Buyer's authorized representatives. All specifications, drawings, and data submitted to Seller with this purchase order or referred to by this purchase order are hereby incorporated herein and made a part of this contract. The terms and conditions of this purchase order shall prevail notwithstanding any variance of the terms and conditions in any acknowledgment or other document submitted by Seller.

3. **Changes:** The Buyer reserves the right at any time to make written changes in any one or more of the following: (a) Specifications, drawings and data incorporated in this purchase order where the items to be furnished are to be specially manufactured for the Buyer; (b) Methods of shipment or packing; (c) Place of delivery; (d) Time of delivery; (e) Manner of delivery; and (f) Quantities.

If any such change causes an increase or decrease in the cost of or the time required for performance of this purchase order, an equitable adjustment shall be made in the purchase order price or delivery schedule, or both. Any claim by Seller for adjustment under this clause must be approved by the Buyer in writing before the Seller proceeds with such change. Price increases shall not be binding on Buyer unless evidenced by a purchase order change notice or revision issued and signed by Buyer.

4. **Delivery:** Time is of the essence in this purchase order, and if delivery of goods is not made in the quantities and at the times specified, or rendering of services is not completed at the times specified, Buyer reserves the right without liability, and in addition to its other rights and remedies, to take any or all of the following actions: (a) direct expedited routings of goods (the difference in cost between the expedited routing and of the purchase order routing costs shall be paid by Seller); (b) terminate this purchase order by notice effective when received by Seller as to stated goods not yet shipped or services not yet rendered and to purchase substitute goods or services elsewhere and charge Seller with any loss incurred; or (c) return, shipping charges collect, all goods received in advance of delivery.

Seller shall be liable for excess transportation charges, delays or claims resulting from Seller's deviation from Buyer's routing instructions. Neither party shall be liable for excess costs of deliveries or defaults due to causes beyond its control and without its fault or negligence, provided, however, that when the Seller has reason to believe that deliveries will not be made as scheduled, written notice setting forth the cause of the anticipated delay will be given immediately to Buyer. If Seller's delay or default is caused by the delay or default of a subcontractor, such delay or default shall be excusable only if it arose out of causes beyond the control of both Seller and subcontractor and without the fault or negligence of either of them and the goods to be furnished or services to be rendered were not obtainable from other sources in sufficient time to permit Seller to meet the required delivery or performance schedule.

Buyer will have no liability for payment for goods delivered to Buyer, which are in excess of quantities specified in this purchase order and delivery schedules. Such goods shall be subject to rejection and return at Seller's expense, including transportation charges both ways. Buyer will not be liable for any material or production costs incurred in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedules.

5. **Inspection and Acceptance:** Payment for any goods under this purchase order shall not constitute acceptance thereof. All goods purchased hereunder are subject to inspection at Buyer's destination within a reasonable time after receipt of such goods. Goods received prior to inspection shall not be deemed accepted until Buyer has inspected such goods. Buyer reserves the right to reject and refuse acceptance of goods which are not in accordance with the instructions, specifications, drawings and data or Seller's warranties (express or implied). Goods not accepted will be returned to Seller for full credit or replacement at Buyer's option and at Seller's risk and expense, including transportation charges both ways. No replacement of rejected goods shall be made unless specified by Buyer in writing.

Buyer shall not be liable for failure to accept any part of the goods, if such failure is the result of any cause beyond the control of Buyer. Among such causes, but not definitive thereof, are fires, floods, Acts of God, strikes, differences with employees, casualties, delays in transportation, shortages of cars, inability to obtain necessary materials or machinery or total or partial shutdown of Buyers plant for any cause. Acceptance of any part of the goods shall not bind Buyer to accept future shipments, nor deprive it of the right to return goods already accepted.

Acceptance of all or any part of the goods shall not be deemed to be a waiver of Buyer's right either to cancel or to return all or any portion of the goods because of failure to conform to this purchase order, or by reason of defects, latent or patent, or other breach of warranty, or to make any claim for damages, including manufacturing costs, damage to materials, or articles caused by improper boxing, crating or packing, and loss of profits or other special damages occasioned the Buyer. Such rights shall be in addition to any other remedies provided by law.

6. **Packing, Drayage and Containers:** No charges for packing, drayage or containers will be allowed unless specified on the face of this purchase order, or specifically listed as an additional and separate charge on Seller's quotation and acceptance of this purchase order. Seller shall be liable for damage to materials or articles described herein caused by improper boxing, crating or packaging.

7. **Seller's Warranties:** Seller hereby warrants that the whole of the goods furnished hereunder shall be of merchantable quality, free from defects in material and workmanship and fit for Buyer's purposes and that they shall conform with Buyer's instructions, specification, drawings and data. Seller hereby further warrants that the whole of the goods furnished hereunder shall conform to all representations, affirmations, promises, descriptions, samples or models forming the basis of this purchase order.

Seller agrees that these warranties shall survive acceptance of the goods and shall benefit and be enforceable by both Buyer and Buyer's customers. Seller further warrants that all services performed for or on behalf of the Buyer will be performed in a competent, workmanlike manner and shall be free from faults and defects. Said warranties shall be in addition to any warranties of additional scope given by Seller to Buyer. None of said warranties and no other implied or express warranties shall be deemed disclaimed or excluded unless evidenced by a purchase order change notice or revision issued and signed by Buyer.

8. **Property of Buyer:** Unless otherwise provided in this purchase order or agreed to in writing, property of every description including but not limited to all tooling, tools, equipment and material furnished or made available to Seller, title to which is in Buyer, and any replacement thereof shall be and remain the property of Buyer. Property other than material shall not be modified without the written consent of the Buyer. Such property shall be plainly marked or otherwise adequately identified by Seller as "Property of Columbia Gear Corporation" and shall be safely stored separately and apart from Seller's property. Seller shall not use such property except for performance of work hereunder or as authorized in writing by Buyer. Such property while in Seller's possession or control shall be kept in good condition, shall be held at Seller's risk, and shall be kept insured by Seller, at its expense, in an amount equal to the replacement cost with loss payable to Buyer. To the extent such property is not material consumed in the performance of this purchase order, it shall be subject to inspection and removal by Buyer and Buyer shall have the right of entry for such purposes without any additional liability whatsoever to Seller. As and when directed by Buyer, Seller shall disclose the location of such property and/or prepare it for shipment and ship it to buyer in as good condition as originally received by Seller, reasonable wear and tear excepted.

9. **Special Tooling:** The term "special tooling" as used in this clause shall be deemed to include all jigs, dies, fixtures, molds, patterns, special cutting tools, special gauges, special test equipment, other special equipment and manufacturing aids, and drawings and any replacements of the foregoing, acquired or manufactured or used in the performance of this order, which are of such a specialized nature that, without substantial modification or alteration, their use is limited to the production of the supplies or parts thereof or performance of the services of the type required by this purchase order. The term does not include (a) items of tooling or equipment heretofore acquired by Seller, or replacement thereof, whether or not altered or adopted for use by Seller, or replacement, thereof, whether or not altered or adopted for use in the performance of this purchase order, (b) consumable small tools, (c) general or special machine tools or similar capital items, or (d) tooling, title to which is in Buyer.

Seller agrees that special tooling shall be retained and not used or reworked except for performance of work hereunder or as authorized in writing by Buyer. While in Seller's possession or control, Seller warrants that it will keep the special tooling in good condition fully covered by insurance, and will replace it when lost, destroyed, or necessary for performance of work hereunder. Upon cessation or termination of the work under this purchase order for which the special tooling is required, Seller shall furnish Buyer a list of the products, parts, or services for the manufacture or performance of which such special tooling was used or designed and a list indicating where each item of the special tooling is located, and shall transfer title to and possession of the special tooling to Buyer for an amount equal to the unamortized cost thereof, or dispose thereof, as Buyer may direct in writing. In addition, Buyer shall have the right to take possession of, including the right of entry for such purpose, any special tooling, title to which Buyer acquires hereunder, without any additional liability whatsoever to Seller.

10. **Proprietary Rights:** All technical information, whether written or oral, in any form, in the nature of designs, blueprints, specifications, engineering data for production or product know how, which is supplied to the Seller by the Buyer to facilitate or assist in the performance of this purchase order ("Confidential Information"), shall, unless otherwise agreed, be considered and kept confidential by the Seller, and the Seller will use and cause its employees and agents to use extreme caution not to disclose the Confidential Information either directly or by incorporation of Confidential Information in or its use in manufacturing products for others. Additionally, Seller agrees to assign to the Buyer and not otherwise to make use of any invention, improvement or discover (whether or not patentable), conceived or reduced to practice in the performance of this purchase order by an employee of the Seller or other person working under Seller's direction, and such assignment shall be considered as additional consideration for the making of this purchase order. Upon completion of performance of this purchase order, the Seller shall deliver to the Buyer any and all information relating to any such invention, improvement or discovery, and shall cause employees or others subject to Seller's instructions to sign as appropriate all documents necessary or convenient to enable the Buyer to file applications for patents throughout the world and to obtain title thereto.

Upon Buyer's request or completion of performance of this purchase order, Seller shall return or transfer to Buyer all Confidential Information.

11. **Patent Indemnity Clause:** The Seller agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against Columbia Gear Corporation or any of its subsidiaries, constituent companies, agents or vendees, hereinafter for purposes of this Section collectively referred to as the Buyer, for alleged patent infringement, as well as for the alleged unfair competition resulting from similarity in design, trademark, or appearance of goods, by reason of the use or sale of any goods furnished under this purchase order, except for goods manufactured entirely to Buyer's specification; and the Seller further agrees to indemnify Buyer against any and all expense, loss, royalties, profits and damages, including court costs and attorneys' fees, resulting from the bringing of such suit or proceedings, including any settlement or decree or judgment entered therein. The Buyer may be represented by and actively participate through its own counsel in any such suit or proceedings, if it so desires. They Seller's obligations hereunder shall survive acceptance of the goods and payment therefore by the Buyer.

12. **Indemnification:** Seller further agrees to indemnify and save harmless and defend Buyer, its officers, directors, customers, agent and employees from and all losses, liabilities, damages, claims, demands, suits, actions, proceedings, subrogation and expenses, including court cost and reasonable attorneys' fees, related in any way to this purchase order, or the services performed or goods delivered under this purchase order which are claimed or made by any person, firm association or cooperation, including employees, workmen, servants or agents of the Seller and his subcontractors arising from any cause or for any reason whatsoever. Seller further agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any and all such suits, actions, or proceedings, which may be brought against Seller or against Buyer. In the event Buyer's machinery or equipment is used by Seller in the performance of any work that might be required under this purchase order, such machinery or equipment shall be considered as being under the sole custody and control of Seller during the period of such use by Seller.

13. **Insurance:** If this purchase order covers the performance of labor for Buyer, Seller agrees to indemnify and protect Buyer against all liability, claims or demands for injuries or damages to any person or property growing out of the performance of this purchase order. Seller further agrees to furnish Insurance Carrier's Certificate showing that Seller has adequate insurance coverage in the following minimum amounts.

a) Worker's Compensation - Statutory limits for State(s) in which work is to be performed.

b) Comprehensive General Liability, including Contractual Liability, Completed Operations/Products, Broad Form Property Damage, and Contractor's protective Liability, if sub-contractors are used. Minimum limits Personal Injury, including death and Property Damage \$250,000 each occurrence, \$500,000 aggregate.

c) Automobile Liability, including Owned, Hired and Non-owned vehicles. Minimum limits-Bodily Injury \$250,000 each person. \$500,000 each occurrence and Property Damage \$250,000 each occurrence.

Said Certificate must set forth the name of insurer, policy number, expiration date, limits of liability and at least ten (10) days written notice of cancellation clause. If Seller is a self-insurer, the Certificate of the department of Labor and Industry of the State in which said labor is to be performed must be furnished by such Department directly to Buyer. Compliance by Seller with insurance requirements does not in any way affect Seller's indemnification of Buyer under Article 12 above.

14. **Cancellation:** Buyer shall have the right to cancel for default all or any part of the undelivered portion of this purchase order if Seller does not make deliveries as specified in the delivery schedule, if Seller breaches any of the terms hereof including warranties of Seller, if Seller makes an arrangement, extension or assignment for the benefit of creditors, if Seller dissolves or otherwise ceases to exist or liquidates all or substantially all of its assets, if Seller becomes insolvent or if Seller generally does not pay its debts as they become due. Such right of cancellation is in addition to and not in Lieu of any other remedies, which Buyer may have in law or equity.

15. **Termination:** The Buyer may terminate performance of work under this purchase order in whole or from time to time in part by written notice of termination, whereupon the Seller will stop work in the date and to the extent specified in the notice and terminate all orders and subcontracts to the extent they relate to the terminated work. Seller will promptly advise the Buyer of the quantities of applicable work and material on hand or purchased prior to termination and the most favorable disposition that the Seller can make thereof. Seller will comply with the Buyer's instructions regarding transfer and disposition of title to the possession of such work and material. Within 60 days after receipt of such notice of termination, the Seller will submit all its claims resulting from such termination. Buyer will have the right to check such claims at any reasonable time or times by inspecting and auditing the records, facilities, work or materials of the Seller relating to this purchase order. Buyer will pay the Seller without duplication, the purchase order price for finished work accepted by the Buyer and the cost to the Seller of work in process and raw material allocable to the terminated work, based on any audit the Buyer may conduct and in accordance with generally accepted accounting principles; less, however, (a) the reasonable value or cost (whichever is higher) of any items used or sold by the Seller without the Buyer's consent; (b) the agreed value of any items used or sold by the Seller with the Buyer's consent; and (c) the cost of any defective, damaged or destroyed work or material. Buyer will make no payments for finished work, work-in process or raw material fabricated or procured by the Seller in excess of any purchase order or release. Notwithstanding the above payments made under this clause shall not exceed the aggregate price specified in this purchase order less payments otherwise made or to be made, and adjustments shall be made reducing the payments hereunder for costs of work in process and raw material to reflect on a pro rata basis any indicated loss on the entire purchase order had it been completed. Payment made under this clause will constitute the Buyer's only liability in the event this purchase order is terminated hereunder. Except as otherwise provided in this purchase order, the provisions of this clause will not apply to any cancellation by the Buyer for default by the Seller or for any other cause allowed by law or under this purchase order.

16. **Compliance With Applicable Laws:** Seller agrees that, in the performance of this purchase order, it will comply with all applicable laws, statutes, rules, regulations or orders of the United States government or of any state or political subdivision thereof. Seller represents and warrants that it is and each good produced by it will be made in compliance with the Fair Labor Standards Act of 1938, as amended.

17. **Executive Orders:** Agreement and Certificate pursuant to Executive Orders 11246, as amended by Executive Orders 11375 and 12086 and as superseded in part by Executive Order 11478, 11625, 11701 and 11758. The Seller agrees that the representations and provisions required by Executive Order 11246, as amended by Executive Orders 11375 and 12086 and as superseded in part by Executive Order 11478 (Equal Opportunity), Executive Order 11625 (Minority Business Enterprises), Executive Order 11701 (Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era), and Executive Order 11758 (Employment of the Handicapped) are hereby incorporated and made a part of this purchase order.

18. **Waiver:** The failure of Buyer to insist, in any one or more instances, upon the performance of any of the terms, covenants or conditions of this purchase order or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants or conditions or the future exercise of such right, but the obligation of Seller with Respect to such future performance shall continue in full force and effect.

19. **Force Majeure:** Buyer shall not be liable for any failure to perform including failure to (i) accept performance of services or, (ii) take delivery of the goods as provided caused by circumstances beyond its control which make such performance commercially impractical including, but not limited to, acts of God, fire flood, acts of war, government action, accident, labor difficulties or shortage, inability to obtain materials, equipment, or transportation.

20. **Limitation of Liability:** IN NO EVENT SHALL BUYER BE LIABLE TO SELLER OR SELLER'S EMPLOYEES, OR ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT, WHETHER OR NOT BUYER WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

21. **Assignment:** This purchase order, the sums due or to become due or any of the work to be performed under this purchase order shall not be assigned without Buyer's prior written consent. Any assignment without such written consent shall be null and void. Seller shall not subcontract for completed or substantially completed material called for by this purchase order without the Buyer's prior written consent.

22. **Set-Off:** Buyer shall be entitled at all times to set-off any amount owing at any time from Seller to Buyer or any of its affiliates against any amount payable at any time by Buyer in connection with this purchase order.

23. **Applicable Law:** The local laws of the State of Minnesota shall apply to define and interpret the rights and obligations of Buyer and Seller. Buyer and Seller consent to the jurisdiction of the courts of the State of Minnesota and to venue in Stearns County.