

**Ferrotherm Corporation's  
GENERAL TERMS AND CONDITIONS  
November 2007**

1. Buyer will make no allowance for crating, packing or cartage charges, unless stated herein.
2. Buyer's count shall be accepted as conclusive on all shipments not accompanied by packing lists.
3. Seller shall send to Buyer's Accounting Department monthly for verification a statement of account which shall list all items unpaid. Delay in receiving such statement, or errors or omissions thereon, shall be considered just cause for withholding settlement without losing cash discount privilege.
4. The articles and/or work covered hereby shall be subject to final inspection and acceptance by Buyer after delivery, notwithstanding prior payment, it being understood and agreed that payment shall not constitute acceptance.
5. Seller warrants that the articles and/or work covered by this order will conform to the specifications, drawings, samples, descriptions, requirements and delivery schedule of this order, and that such articles and/or work will be merchantable, of best material and workmanship and free from defect. The Buyer at any time may refuse to accept or may reject, as the case may be, any articles and/or work which are in any way defective or otherwise fail to conform to the specifications, drawings, samples, descriptions, requirements or delivery schedule of this order giving Seller notice of such refusal or rejection, and the Buyer may, without any obligation to pay the price therefor, hold or return such articles and/or work at the Seller's risk. The Seller shall promptly and properly replace articles and/or work which are defective or otherwise fail to conform to the specifications, drawings, samples, descriptions and requirements of this order if so instructed by the Buyer, or the Buyer may either postpone delivery of the undelivered part of this order for a reasonable time, or cancel and terminate this order. The Seller shall bear all costs, expenses, losses and damages which but for such non-accepted or rejected articles and/or work would not have been incurred by either the Buyer or the Seller. Failure of the Buyer to exercise the foregoing rights with respect to any part or installment of the Seller's performance of this order shall not constitute a waiver of such rights with respect to any other part or installment of the Seller's performance hereunder. The rights and remedies of the Buyer provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this order.
6. Material furnished by Buyer to Seller on other than a charge basis in connection with this order shall be deemed to be bailed to Seller, and title thereto shall remain in Buyer. Seller shall properly utilize, pay for, or otherwise satisfactorily account for all material so furnished.
7. The delivery schedules and quantities herein specified shall be adhered to unless Seller received Buyer's written permission to deviate therefrom. Buyer may refuse to accept or may postpone for a reasonable time deliveries of any part or installment of, or may cancel this order for, any articles and/or work covered hereby which are not shipped in the quantities and at the time or times specified.
8. Except as to articles and/or work covered hereby to be produced per specifications, designs or processes furnished by Buyer, Seller warrants that the purchase, use and/or sales of such articles and/or work by Buyer will not infringe upon any patent and covenants that it will (a) at its so own expense defend any suit brought against Buyer or those using or selling the Buyer's products (provided Seller is promptly notified of any such suit and copies of all pertinent papers are delivered to it) for actual or alleged infringement of any patent by reason of the purchase, use and/or sale of such articles and/or work, and (b) pay any judgement recovered and all costs incurred in any such suit and reimburse Buyer for any costs and expenses incurred by it in the defense thereof.
9. Buyer shall have the right to cancel and terminate this order without obligation in the event Seller makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed against the Seller.
10. In the performance of this order, Seller agrees to comply with all applicable federal, state and local laws, and all applicable rules, orders and regulations of any government agency, department or bureau.
11. Any waiver of strict compliance with any of the terms and conditions of this order by Buyer shall not constitute a waiver of Buyer's right to insist upon strict compliance with any of the terms and conditions of this order thereafter.

**If the articles and/or work covered by this purchase order are for use on a United States Government Contract, acceptance of this order constitutes an acceptance of the Additional Terms and Conditions below.**

#### **ADDITIONAL TERMS AND CONDITIONS**

1. The Seller understands that the articles and/or work covered by this order are intended for use in or application upon supplies to be manufactured by the Buyer under the United States Government Contract(s) designated by this order, hereinafter referred to as the "Buyer Government Contract".
2. The Buyer's Government Contract provides that the Contracting Officer may at any time make changes in drawings, designs and specifications, and the Buyer reserves the same right at any time to make changes in drawings, designs and specifications pertaining to any articles and/or work covered by this order. The Seller shall not be excused from proceeding with this order as so changed, but any difference in the order price, or delivery schedules, or both, resulting from such changes shall be equitably adjusted, and a memorandum of such adjustment shall be made and signed by both the Seller and the Buyer.
3. All articles and/or work covered by this order, where requested, shall be subject to inspection and test by the Government and the Buyer, and the Seller, without additional charge, shall provide the Government with the necessary samples for this purpose. If such inspecting or testing by the Government or the Buyer is conducted at the source of such articles and/or work, the Seller shall provide or arrange, without additional charge, all reasonable facilities for and assistance to the representatives of the Government and the Buyer in the performance of their duties. Inspection approval by the Government shall not constitute the Buyer's acceptance of the articles and/or work covered by this order.
4. The Seller in the performance of this order shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin. The Seller shall include in all subcontracts a provision similar to the foregoing.
5. No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this order or any benefit that may arise therefrom, but this provision shall not be construed to extend to this order if made with a corporation for its general benefit.
6. The Buyer's Government Contract upon which this order is based is subject to termination or amendment for the convenience of the Government. All commitments for material must be limited accordingly and must conform to applicable Government regulations and directives. The Buyer assumes no liability for fabrication in excess of authorized release in writing from the Buyer.
7. The Buyer may terminate this order in whole or in part at any time whenever the articles and/or work covered by this order are no longer required in the performance of the Buyer's Government Contract. Upon such termination, the Buyer and Seller shall negotiate a mutually satisfactory settlement of this order which meets with the written approval of the Government Contracting Officer in charge of the Buyer's Government Contract, but if such settlement is not so negotiated and approved within three months of such termination or such longer period as may be authorized in writing by the Buyer, the Seller agrees to accept in full satisfaction hereunder a settlement computed, with respect to this order, according to the same formula prescribed in the Buyer's Government Contract for settlement where the Buyer and the Government fail to agree as set forth in the provision of the Buyer's Government Contract relating to termination for the convenience of the Government. Such provision will be made available to the Seller upon request.
8. If the Government furnishes any articles and/or supplies for, or which in any way concern, performance under this order, whether or not the furnishing of the same is specifically provided for hereunder, the Seller shall be subject to and shall comply with all the applicable provisions of the Buyer's Government Contract relating to such Government furnished property. In case the actual furnishing of Government articles and/or supplies differs from that, if any, specified in this order to be furnished, or in case the Government pursuant to the Buyer's Government Contract actually furnishes the Buyer with any articles and/or supplies which would otherwise have been furnished by the Seller under this order, then, in either case, an equitable adjustment in the order price shall be made as provided in Paragraph 2 of these Additional Terms and Conditions. Such provisions of the Buyer's Government Contract relating to Government furnished property will be made available to the Seller upon request.

9. The books, records, and plants of the Seller, or such parts thereof as may be pertinent to the performance of this order, shall at all reasonable times be subject to inspection and audit by any authorized representative of any Executive Department of Government. The Seller shall include a like provision in all subcontracts under this order.
10. Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of this order, the Seller will immediately give notice thereof to the Buyer and to the nearest representative of the appropriate branch of the Army, Navy, or Air Force, as the case may be. Such notice shall include all relevant information with respect to such dispute.
11. In the event that this order involves access to classified matter, which term as used herein shall mean information or material classified "Top Secret", "Secret", "Confidential", or "Restricted", the Seller shall comply with all of the provisions of the Buyer's Government Contract relating to such classified matter, and such provisions shall be made available to the Seller upon request. This clause is subject to such general modifications in the security regulations as may be issued by the Government.
12. If, pursuant to a Price Revision or Redetermination Clause in the Buyer's Government Contract, the Government, in the determination of the Buyer's allowable costs, disputes any amount or amounts agreed to be paid for performance under this order, the Seller agrees to cooperate fully with Buyer in establishing to the satisfaction of the Government that such amount or amounts are fully justified for inclusion in the Buyer's allowable costs.
13. The Seller warrants that the price or prices specified in this order comply with applicable ceiling prices established by the Office of Price Stabilization or other authorized agency and in effect upon the date hereof.
14. The Seller warrants that he has been accepted and approved as a qualified producer under the applicable Government specifications and that he is listed on the Military Qualified Products List, if the Seller's product(s) supplied under this purchase order requires such qualifications.
15. In the performance of this order the Seller agrees to comply with all applicable Federal, State and Local laws, including, but not restricted to: the Buy American Act (41 U.S. Code 10a-c) and any amendments thereto; the Walsh-Healey Public Contracts Act (41 U.S. Code 35-45) and any amendments thereto; the Act of June 28, 1940, C440, Title I Sec. II (50 U.S. Code App. 1162, relating to the exclusions of aliens from work under Government contracts) and any amendments thereto; DFAR 252.225.7012 Preference for Certain Domestic Commodities and any amendments thereto; DFAR 252.225.7014 Preference for Domestic Specialty Metals and any amendments thereto; and, the Seller further agrees to comply with all applicable regulations, rules, orders and directives of any government agency, bureau or department.
16. Non-Discrimination in employment required by Executive Order 11246 as amended, incorporated herein by specific reference. For orders greater than \$10,000.00, Seller must provide an Affirmative Action Compliance Certificate in accordance with FAR 52.222-25.
17. On all purchase orders issued in excess of \$500,000.00 which annotates a Government prime contract, a sub-contracting plan for the utilization of small business and small disadvantaged business concerns in conformance to Public Law 95-507 must be submitted to Buyer. Firms classified as Small Business Concerns are exempt and a letter to this effect must be submitted to Buyer.
18. The seller agrees to fully comply with all applicable Export Regulations and the International Traffic-In-Arms Regulations (ITARs).
19. The seller agrees to fully comply with all the provisions of FAR 52.222-50 - - Combating Trafficking in Persons (AUG 2007).