

PURCHASE ORDER – STANDARD TERMS AND CONDITIONS – GOODS – LECORP, INC.

1. **ACCEPTANCE:** Purchase orders must be accepted in writing by SELLER. If for any reason SELLER should fail to accept in writing, any conduct by SELLER which recognizes the existence of a contract pertaining to the subject matter hereof shall constitute acceptance by SELLER of this Contract ("Contract"), including all of its terms and conditions ("Terms"). Any terms and conditions proposed in SELLER's acceptance of BUYER's Purchase Order which add to, vary from or conflict with the Terms herein are hereby objected to and rejected. Any such proposed terms and conditions shall be void and the Terms herein shall constitute the complete and exclusive statement of the terms and conditions of the Contract between the parties and may hereafter be modified only by written instrument executed by the authorized representatives of both parties. If this contract has been issued by BUYER in response to an offer, and if any Terms herein are additional to or different from any terms or conditions of such offer, then the issuance of this Contract by BUYER shall constitute an acceptance of such offer subject to the express condition that the SELLER assent to such additional and different Terms herein and acknowledge that this Contract constitutes the entire agreement between BUYER and SELLER with respect to the subject matter hereof and the subject matter of such offer; and SELLER shall be deemed to have assented and acknowledged unless SELLER notifies BUYER to the contrary in writing within ten (10) days of receipt of this Contract.

2. **PRICES: TERMS OF PAYMENT:** The prices and terms stated on the Purchase order and stated herein apply to all shipments made or services rendered hereunder. BUYER shall have no obligation to honor invoices for goods or services at any increased price unless such increase shall have been confirmed in writing by the BUYER to SELLER. No charge of any kind not stated on the Purchase Order will be allowed unless specifically agreed to in advance by BUYER in writing, but damage to any good because of packing which fails to protect such goods will be charged to SELLER. All payments are made conditional upon acceptance by BUYER of the goods or services called for under this Contract and shall be subject to adjustment for failure of SELLER to meet the requirements of this Contract.

3. **TAXES:** SELLER's prices shall be exclusive of all Federal, State or Local Sales, use of Excise taxes levied upon, or measured by, the sale, the sales price, or use of goods required in the performance of this Contract. SELLER shall list separately on its invoice any such tax lawfully applicable to any such goods, and payable by BUYER, with respect to which BUYER does not furnish to SELLER lawful evidence of exemption.

4. **DELIVERY:** The terms of delivery are stated on the Purchase Order. The obligation of SELLER to meet the delivery dates, specifications, and quantities, as set forth, is the essence of this Contract. Deliveries are to be made both in the quantities and at the times specified herein, or if no such quantities or times are specified, pursuant to BUYER's written instructions. Shipments in greater or lesser quantity than ordered may be returned at the SELLER's expense, unless written authorization is issued by BUYER. If SELLER's deliveries fail to meet schedule, BUYER, without limiting its other rights or remedies, may either direct expedited routing and charge excess cost incurred thereby to SELLER, or cancel all or part of this order in accordance with the default provisions hereof.

Goods which are delivered in advance of schedule are delivered at the risk of SELLER and may, at BUYER's option, be returned at SELLER's expense for proper delivery and/or have payment therefore withheld by BUYER until the date that the goods are actually scheduled for delivery.

SELLER will comply with BUYER's billing and routing instructions, and SELLER shall pay any redelivery or rerouting expense incurred by BUYER as a result of improperly marked or improperly routed goods.

5. **EXCUSABLE DELAY FOR NONPERFORMANCE:** BUYER may delay delivery and/or acceptance by causes or events beyond BUYER's control. SELLER shall hold such goods at the direction of BUYER and shall deliver them when BUYER notifies SELLER that the cause or event affecting the delay has been removed. BUYER shall be responsible only for SELLER's direct additional costs resulting from holding goods or delaying performance of the Contract at BUYER's request. In the event that causes or events beyond SELLER's reasonable control and without its fault or negligence, including but not limited to labor disputes of any kind, prevent SELLER from performing its obligations hereunder, such obligations shall be suspended, subject to the conditions that **time is the essence of this Contract** and should SELLER fail to comply with BUYER's delivery schedule, or otherwise fail to comply with its obligations hereunder, BUYER may, while such excusable delay is pending, obtain alternative supply or services from another supplier or terminate this Contract without liability hereunder. If SELLER provides BUYER a rebate for purchases of product supplies hereunder in excess of threshold volumes, any volumes of alternative product purchased by BUYER pursuant to the foregoing sentence shall be applicable to determining whether such threshold volume has been met by BUYER. If SELLER is unable for any reason to supply BUYER's total demands for material hereunder, SELLER must distribute its available supply to BUYER on a percentage basis that is no less favorable than is provided to any other purchaser or internal user of SELLER's product. If the failure to perform is caused by the default of a subcontractor and if such default arises out of causes beyond the control of both the SELLER and the subcontractor and without the fault or negligence of either of them, SELLER shall not be liable for any delay or failure to perform unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit SELLER to meet the required delivery schedule.

6. **INSPECTION:** All goods provided hereunder shall be subject to inspection and testing at the point of destination, notwithstanding prior payment therefore by the BUYER. If, in BUYER's judgment, any of the goods are defective or otherwise not in conformity with the requirements of this Contract, BUYER, in addition to its other rights, may (i) reject the same for full credit, (ii) retain the same and remedy any defects of nonconformity at SELLER's expense, or (iii) require prompt correction or thereafter be tendered by SELLER for acceptance without BUYER's written consent. The packing, handling and transportation costs, charges and expenses incident to BUYER's exercise of its rights hereunder will be charged to SELLER's account. Nothing herein shall release SELLER from the obligation to make full and adequate testing and inspection of goods sold to BUYER hereunder.

7. **WARRANTY:** SELLER expressly warrants that all goods and services ordered, or provided hereunder, will conform in all respects to the specification, drawings, samples and other descriptions upon which this Contract is based, and will be merchantable and free from any defects in material, design or workmanship. If BUYER has furnished performance requirements for the goods purchased hereunder, SELLER further warrants that such goods shall be fit and sufficient for the purposes for which BUYER intends them. Seller also warrants that the goods provided for under this Contract shall be free and clear of any lien or other adverse claim against title. In addition to any other remedies BUYER may have, BUYER may reject goods not conforming to the foregoing warranties, whether or not such goods shall have been previously accepted by BUYER or any prior payments shall have been made thereon. SELLER further warrants that no law, rule, regulation, ordinance or Executive Order of the United States, as state or local government, or any other government or any other governmental agency has been violated in the manufacture, transportation, delivery or sale of the goods or the performance of the services covered by this Contract. SELLER agrees that the foregoing warranties shall survive delivery, acceptance, inspection, test, use of, and payment for, the goods, materials or services provided hereunder and shall inure to the benefit of BUYER and its customers.

8. **PATENTS:** SELLER warrants that the goods specified herein and their sale or use alone, or in combination according to SELLER's specifications or recommendations, if any, will not infringe any United States or foreign patent, copyright, mask work or trademark. SELLER further warrants that the goods specified herein and their sale or use alone, or in combination according to SELLER's specifications or recommendations will not violate the trade secret of any party. In case the goods constitute patent, copyright or trademark infringement, or violate unfair competition right and their use is enjoined, BUYER may, at its sole option, pursue any remedy or remedies available at law or in equity, including, without limitation, requiring SELLER to either procure for BUYER the right to continue using such goods, modify them so they become non-infringing or remove them and refund the total purchase price thereof.

9. **PATENT LICENSE:** SELLER, as part of consideration for this contract and without further cost to BUYER, hereby grants and agrees to grant to BUYER an irrevocable, non-exclusive, royalty-free right and license to use, sell, manufacture and cause to be manufactured products embodying any and all inventions and discoveries made, conceived or actually reduced to practice in connection with SELLER's performance of this Contract, and SELLER hereby grants to BUYER a license to repair, rebuild, or relocate and have repaired, rebuilt or relocated the goods purchased by BUYER under this Contract. SELLER further grants according to the terms of this Contract a royalty free license to use any software with the goods specified herein, or if the good is itself software. Moreover, BUYER shall have the right at any time after the execution of this Contract to require the SELLER escrow a copy of any and all software sold hereunder.

10. **INDEMNIFICATION:** SELLER shall defend and indemnify BUYER from and against all damages, liabilities, claims, losses, judgments, settlements and expenses (including, without limitation, attorneys' fees) arising out of, or in any way related to, (i) this Contract or performance hereunder, (ii) any defect in the goods or services purchased hereunder, (iii) the breach of any obligation or warranty hereunder, (iv) any actual or alleged infringements of any patent, trademark, copyright, mask work, trade secret, or any unfair competition right, in the goods purchased hereunder, (v) any act or omission of SELLER, its agents, employees or subcontractors, (vi) the delivery, condition, use or operation of the goods or services purchased hereunder, whether such goods are in the same mode as when delivered hereunder or whether they have been used in the manufacture of, and become part of, equipment, machinery of goods sold by BUYER to third parties and SELLER agrees to, and will assume on behalf of BUYER, upon its demand (without regard to the real or apparent merits of said action), the defense of any court or agency action which may be brought against BUYER..

11. **ASSIGNMENTS:** No right or obligation under this Contract, including the right to receive monies due or to become due hereunder, shall be assigned by SELLER without the prior written consent of BUYER, and any purported assignment without such consent shall be void. SELLER shall not subcontract or in any other manner delegate to any other party the performance of any work or the supplying of any services under this Contract without the prior written approval of BUYER.

12. **SUBSTITUTIONS; EXTRAS:** No substitution of materials or accessories may be made without BUYER's written consent. No charges for extras will be allowed unless such extras have been ordered in writing by BUYER and the price agreed upon.

13. **PERFORMANCE OF WORK:** If this order calls for work to be performed by SELLER, all work performed and all materials used in connection therewith shall be at the risk and expenses of and shall be replaced by SELLER in the event of any damage or destruction thereof prior to, delivery to, and acceptance by, BUYER. If this order calls for work to be performed by SELLER upon any premises owned or controlled by BUYER and/or BUYER's customers, SELLER will keep the premises and work free and clear of all mechanics' liens and will furnish BUYER with certificates and waivers as provided by law. Whenever any property belonging to BUYER or BUYER's customers is in the possession of Seller or Seller's suppliers, SELLER shall be deemed an insurer thereof and shall be responsible for its safe return to BUYER. SELLER will indemnify, hold harmless, and defend BUYER and/or BUYER's customers from any and all claims, demands, or suits made or brought under the Workmen's Compensation Law of the state in which any such work is performed hereunder or under any applicable federal compensation laws and will, if requested, furnish to BUYER a certificate showing that SELLER is in compliance with the Workmen's Compensation Law of such state and with any applicable federal compensation laws. SELLER will also indemnify, save harmless, and defend BUYER and/or BUYER's customers from all losses and expenses for any damage to property or injury to or death of persons caused by SELLER in the performance of this order.

14. **CONFIDENTIALITY OF INFORMATION:** SELLER shall keep confidential all information, drawings, specifications, or data furnished by BUYER, whether such information is transmitted in written form, orally, or electronic form, where such information is transmitted by BUYER through its employees, agents, contractors, customers or other third parties at the request of the BUYER, or prepared by SELLER specifically, in connection with this contract.

15. DEFAULT: In the event SELLER (i) is insolvent; (ii) makes a general assignment for the benefit of creditors; (iii) admits in writing its inability to pay debts as they mature; (iv) has a trustee or receiver appointed by any court for it or any substantial part of SELLER's assets; (v) has a proceeding instituted under any provision of the Bankruptcy Code or any state insolvency law by or against it which is acquiesced in, or is not dismissed within thirty (30) days, or results in an order for relief under the Bankruptcy Code or any adjudication of insolvency, or (vi) fails, or appears to be unable, to perform any of its obligations in accordance with the terms of the Purchase Order, including the delivery schedule set forth therein, BUYER may cancel this Contract in whole or in part and/or pursue any further remedies available at law or in equity. No waiver by BUYER of a breach by SELLER of any provision of this Contract shall constitute a waiver of any other breach of such provision. All of BUYER's right and remedies hereunder shall be cumulative and not exclusive.

16. LIMITATIONS OF BUYER'S LIABILITY; STATUTE OF LIMITATIONS; IN NO EVENT SHALL BUYER BE LIABLE FOR ANTICIPATED PROFITS OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES; BUYER'S LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF, CONNECTED WITH OR RESULTING FROM THIS CONTRACT, OR FROM THE PERFORMANCE OF BREACH HEREOF, SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE GOODS OR SERVICES OR UNIT THEREOF WHICH GIVE RISE TO THE CLAIM. BUYER SHALL NOT BE LIABLE FOR PENALTIES OF ANY DESCRIPTION. ANY ACTION RESULTING FROM THE BREACH ON THE PART OF BUYER AS TO THE GOODS OR SERVICES DELIVERED HEREUNDER MUST BE COMMENCED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

17. CANCELLATION: In addition to any other provisions contained herein for the cancellation or termination of this Contract, BUYER may cancel this Contract, for any reason or no reason, in whole or in part, by written notice to SELLER on the condition that BUYER pay to SELLER the actual net cost SELLER incurred in good faith prior to SELLER's receipt of the cancellation notice in connection with this Contract; provided, however, that in no event shall BUYER be liable for SELLER's commitments or production arrangements in excess of the amount, or in advance of the time, necessary to meet BUYER's delivery schedule.

18. CHOICE OF LAW: This Contract shall be governed by the laws of the State of Kentucky without regard to principles of conflict of laws.

19. COMPLIANCE WITH APPLICABLE LAWS: SELLER agrees that in the performance of this Purchase Order it will comply with all applicable federal, state, county and local laws, ordinances, regulations and codes.

20. COMPETITIVE PRICE ADJUSTMENTS: If BUYER is offered material of equal quality and like quantity at a price lower than that in effect hereunder upon satisfactory proof thereof and with fifteen (15) days prior written notice SELLER will either (a) meet such lower price or (b) release BUYER to purchase such quantities of material as needed for that period during which SELLER's price is not competitive.

21. PACKING, MARKING & SHIPPING:

- ❖ All shipments shall be properly packed, marked and shipped in accordance with the requirements of the common carrier transporting the same and of this purchase order and in a manner which will permit securing of lowest transportation rates. Seller shall reimburse Buyer for all expenses incurred by Buyer as a result of improper packing, marking or routing.
- ❖ Seller shall properly mark each package with Buyer's number, The number of packages in the shipment, serial number, if any, of the package, and the quantity and part number, of its contents.
- ❖ Seller shall mail to Buyer, at the office of Buyer to which shipment is to be made, duplicate invoices, original bill of lading and/or original copy of express receipt, as the case may be, so that such instruments are received by the Buyer before the arrival of shipment, bills of lading, express receipts, packing lists, packing slips, and/or similar documents shall bear this purchase order number. Separate packing slips shall be included in each package of each shipment and shall also state the quantity part number, if any, and description of the contents of the package, the serial number of the package and the number of packages in the shipment.
- ❖ Seller shall route shipments in accordance with instructions issued by Buyer's purchasing department and, in the absence of specific shipping and/or routing instructions, Seller shall ship all goods by most economical means of transportation, and provided further that the absence of specific shipping and/or routing instructions shall not be deemed a failure of cooperation on Buyer's part.
- ❖ No charges shall be allowed for transportation, storage, boxing, crating or other packaging unless otherwise stated herein.
- ❖ Unless otherwise specifically agrees herein, the time for discounting invoices will begin from the date of the receipt of goods by Buyer; provided however, invoices received after the fourth (4) of the month bearing a prior month's dating will be considered as having been issued in the month received by Buyer and will be included in that month's account without loss of cash discount privileges.
- ❖ If Buyer finds it necessary to require shipment of any of the items covered by this Purchase Order by air or railway express rather than by freight because of the failure of Seller to meet the delivery requirements of this Purchase Order, Seller shall reimburse Buyer in the amount equal to the difference between the freight rate and the air or railway express rate, unless such failure to meet delivery requirements is due to causes beyond the control and without the fault of neglect of Seller.