

Reed Rubber Products, Inc.

THESE TERMS AND CONDITIONS SHALL APPLY AT ALL TIMES TO PURCHASE ORDERS PLACED BY REED RUBBER PRODUCTS TO ITS SUPPLIERS.

1. **Complete Agreement.** This purchase order of Reed Rubber Products (herein referred to as Buyer) to Supplier shall become a binding contract unless Supplier gives Buyer written notice of objection within ten (10) days following Supplier's receipt hereof. This order is not valid unless signed by a duly authorized representative of Buyer. The specifications on the face hereof, these terms and conditions, any other special conditions in a schedule attached hereto, if any, and any specifications or other documents referenced in such schedule or on the face hereof constitute the entire agreement between Buyer and Supplier and supersede all previous communications, either written or oral, with respect to the subject matter of this order. This order expressly limits acceptance to the terms and conditions stated herein, which terms and conditions may not be varied except by a writing referencing the number of this order and signed by the Buyer's duly authorized representative. Any reference on the face hereof to Supplier's proposal or any other document published by Supplier shall be deemed to incorporate only typed or handwritten information and not any standard printed terms or conditions of Supplier's documents other than descriptions of the goods, services and prices offered by Supplier. The invalidity in whole or in part of any provision of this order shall not affect the validity or enforceability of any other of its provisions.

2. **Right to Know Information.** If Supplier is supplying any chemicals hereunder, Supplier shall supply Material Safety Data Sheets as well as appropriate labeling as required by OSHA (29 CFR 1910.1200) and such additional documentation and information as may be required similar applicable state laws and regulations for chemical substances purchased hereunder. Failure to conform to these will be justification for rejection by Buyer in accordance with paragraph 7 below.

3. **No Waiver.** Failure of Buyer to insist on performance of any of the terms and conditions or requirements of this order shall not be construed as a waiver of such terms, conditions or requirements, and shall not affect the right of the Buyer thereafter to enforce each and every term, condition or requirement. IN NO EVENT SHALL BUYER BE LIABLE TO SUPPLIER FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES.

4. **Governing Law.** This order shall be governed by and construed in accordance with the laws of the State of Missouri without regard to principles of conflicts of laws.

5. **Time of Essence and Force Majeure.** Shipment and delivery date(s) specified are of the essence of this order. However, Supplier shall not be liable for delays in manufacture or delivery of goods and performance of services to the extent such delays are due to cause beyond Supplier's reasonable control and provided Supplier uses its best efforts to remedy the situation and first allocates all available production and deliveries to Buyer and provided further that

Supplier has notified Buyer promptly (but in any event within seven days) of the occurrence which causes such delay. Buyer shall not be liable to accept any part of such goods and services which are delayed and may, at its option, cancel the order. Causes deemed beyond a party's reasonable control include acts of God, acts of civil or military authorities, fires, epidemics, war, or riot and including acts of the other party. Whenever Supplier has knowledge of a condition or event that may delay or lead to a delay in the timely performance of this order, Supplier shall immediately give notice thereof, including all relevant information with respect thereto, to Buyer. Supplier agrees to insert the substance of this clause in any subcontract hereunder, with appropriate changes as to the identity of the parties. This order may be canceled by Buyer at anytime prior to delivery if its business is interrupted by causes beyond Buyer's reasonable control, provided that Buyer shall give prompt notice of such cancellation to Supplier.

6. **Shipping Instructions.** Packing slips must accompany each shipment and should not show prices. Buyer's count will be accepted as final and conclusive on all shipments not accompanied by packing slips. All articles are to be suitably packed or otherwise prepared for shipment so as to secure the lowest transportation and insurance rates and to meet carrier requirements. No charges will be allowed for drayage, boxing or packing unless specifically stated in the order. Any goods shipped by parcel post must be insured for face value. Goods must be shipped as provided for in this order, or additional shipping and handling costs will be back charged to Supplier. In the absence of such instructions, shipments shall be routed via the most economical mode of commercially reasonable transportation available consistent with the time requirements established for the order and risk of loss on the goods shall be borne by Supplier until delivery at the facility or destination designated by Buyer.

7. Right to Reject; Specifications.

(a) All goods and/or services furnished will be subject to inspection and testing upon arrival or performance, and such goods and/or services found by Buyer in its sole discretion to be not in accordance with the specifications, drawings, plans, instructions, samples or other description furnished or adopted by Buyer for the order or otherwise not in conformance with the terms of this order shall be subject to rejection, return and back charge as appropriate, together with the necessary costs of handling and shipping. Buyer's payment of all or any part of the purchase price prior to such inspection, testing and non-acceptance of the goods and/or services involved shall not constitute a waiver of any Buyer's rights hereunder.

(b) Buyer may, by written notice, change any one or more of the following terms of this order (i) the specifications, designs, drawings or performance criteria, (ii) method of shipping or packing, (iii) place of inspection, acceptance or point of delivery, (iv) delivery schedule, and (v) quantity. In this event and if appropriate, Buyer may in writing request an equitable adjustment in the prices or delivery terms of this order, and Supplier may in writing make claim for the cost of any redundant material or work in process, but not for any cost of design, engineering or development, special tooling or general purpose equipment unless such items have been specifically ordered and separately priced in this order; provided, however, that Supplier shall, in all events, proceed diligently to supply

the goods or services contracted for under this order as so changed.

(c) Asbestos and asbestos containing materials are strictly prohibited from being brought on site or supplied hereunder. All equipment, parts and materials provided shall be asbestos free.

8. Representations and Warranties. Supplier represents and warrants that:

(a) Buyer's purchase, use or sale of the goods furnished pursuant to this order, in the form in which furnished to Buyer, will not infringe any United States or foreign patent, trademark, copyright, trade secret or other proprietary right of a third party and Supplier agrees to defend and hold buyer harmless against any claim, action or suit that may be brought against Buyer for patent, trademark, copyright, trade secret infringement or for the infringement of any other proprietary right by reason of Buyer's purchase, use or sale of such goods. Buyer will receive good title to all goods furnished hereunder, free and clear of all liens.

(b) All goods and services covered by each order are unencumbered and will conform to the design and performance specifications, drawings, plans, instructions, samples or other description furnished or adopted by Buyer; will be well made, of good materials, merchantable, fit and sufficient for the purpose intended, including any special requirements of Buyer which have been disclosed to Supplier; shall be free from defects, whether latent or patent, in material and workmanship. Supplier shall immediately replace or repair free of charge f.o.b. Buyer's plant, any goods or parts of any goods supplied hereunder which prove defective in workmanship or material within one year from date of shipment.

(c) Supplier shall comply with all applicable Local, State and Federal laws, regulations and ordinances, including without limitation the Occupational Safety and Health Act of 1970 and the standards and regulations issued there under, and all goods furnished under this order will comply with said laws, rules, ordinances, standards and regulations.

(d) The goods covered by this order are in conformity with the design and performance specifications, samples, or other descriptions furnished by Supplier to Buyer or designated by Buyer.

(e) Supplier shall treat as Buyer's confidential property and not use or disclose to others during or subsequent to the term of this agreement, except as is necessary in the performance of this agreement, any information regarding Buyer's plans, programs, plants, processes, products, costs, equipment, operations or customers which may come within the knowledge of or which may be developed by Supplier or its employees in performance hereunder; this provision shall not prevent Supplier from using or disclosing to others information which Supplier can show: has become part of the public domain other than by breach of this Section; has been furnished to Supplier by third parties as a matter of right and without restriction on disclosure or use; or which was in Supplier's possession at the time it entered into the agreement. Supplier shall restrict the knowledge of all such information to as few as possible of its employees and, upon request of Buyer, cause such persons involved in the performance hereunder to sign secrecy agreements in a form satisfactory to Buyer. Supplier agrees that all drawings, specifications, data,

memoranda, calculations, notes and other material furnished by Supplier, or any copies thereof are the property of Buyer and shall be delivered to Buyer at the completion or termination of the work or at any time upon request of Buyer. Supplier further agrees that it will not publish, publicize or advertise the existence of the agreement or the subject matter thereof or in any way associate Buyer therewith.

(f) In the event that the articles designated in this order are to be provided in accordance with ideas, designs or specifications, the essential secret or novel features of which originated with Supplier, or were developed by Supplier or were owned or controlled by Supplier, and if such ideas, designs or specifications were created or developed especially for Buyer then, Supplier (i) shall file and prosecute or cause to be filed and prosecuted any application(s) for letters patent of the United States or foreign countries; (ii) acknowledges that such works are works made for hire and shall file any application(s) for copyright registration in the United States or foreign countries; and (iii) shall assign or cause to be assigned the entire right, title and interest in and to all such applications to Buyer.

The warranties of Supplier, together with its guarantees, shall be enforceable not only by Buyer but also by its assigns and each successive customer. In addition, Supplier assigns to Buyer the benefit of any warranty that Supplier receives from its suppliers of any items purchased by Buyer hereunder.

9. Right to Cancel. (a) This order may be terminated by Buyer (i) at any time if Supplier is in default hereunder, fails to use properly skilled personnel, fails to make prompt payment to any subcontractors it may have, fails to make prompt payment for any materials, labor or any other expenses it incurs in the production or construction of the goods or the performance of any services, or (ii) at any time upon the insolvency of Supplier or in the event of the institution of any proceeding by or against Supplier in bankruptcy or insolvency or under any provisions of the Bankruptcy Act or for the appointment of a receiver or trustee or any assignment for the benefit of creditors of Supplier, or (iii) upon any sale, transfer or other disposition in the aggregate of more than ten percent (10%) of the stock or other evidence of ownership of Supplier. Buyer may require a financial statement from Supplier at any time during the term of this order for the purpose of determining Supplier's financial responsibility.

(b) In the event of termination for the convenience of Buyer, Supplier may in writing make claim for the cost of any work or service, or both, in process, but not for any cost of design, engineering or development, special tooling or general purpose equipment unless such items have been specifically ordered and separately priced in this order. Other than as specified in the preceding sentence, Supplier shall not be entitled to any claim, remedy or damages from Buyer. Any and all claims or requests by Supplier under this subsection (b) shall be deemed waived unless made in writing and received by Buyer within ten (10) business days from the date of termination.

(c) In the event of termination by Buyer pursuant to (i), (ii) or (iii) of subsection (a) above, Supplier shall be entitled to no claim for damages or for the cost of any work or service, or both, in process. At Buyer's option, Buyer may produce or purchase or otherwise acquire goods or services elsewhere on

such terms or in such manner as Buyer may deem appropriate and Supplier shall be liable to Buyer for any excess cost or other expenses incurred by Buyer and/or Supplier shall deliver to Buyer any of the goods or services for which Buyer makes written request at or after termination, and Buyer will pay Supplier the lesser of the herein contained or fair value of any of such goods or services so requested. Buyer shall have, in addition to any rights or remedies set forth herein, all remedies provided by law including, without limitation, the right to cancel, cover, and to recover incidental, special and consequential damages, and the exercise of any right or remedy shall not preclude or waive Buyer's exercise of any other rights or remedies.

10. **Indemnity.** Supplier hereby agrees to indemnify and hold harmless Buyer, its affiliated companies and their agents and employees from all claims and suits for money or damages to property including incidental and consequential damages relating thereto or injuries, including death, to persons, and from all judgments recovered therefore, and from all expenses in defending said claims or suits, including court costs, attorneys' fees and other expense, caused by or arising out of: (a) the act or omission of Supplier, its agents, servants and employees while on or about the premises of Buyer for the purposes of delivering, installing or providing the goods and services required by this order; (b) the negligence or wrongful acts or omissions of Supplier, its agents, servants and employees; (c) any misrepresentation, breach of warranty, or non-fulfillment of any obligation or agreement made by Supplier in connection with this order; and (d) any and all claims, demands and liens for the value of goods furnished or labor performed under this order.

11. **Survival.** The warranties, remedies and indemnities provided in this order shall survive delivery, shall not be deemed waived either by reason of acceptance or payment and shall be in addition to those implied by or available at law.

12. **No Assignment.** Supplier may not assign its rights or delegate its duties under this order without the prior written consent of Buyer, and any attempted assignment or delegation without such consent shall be void. No completed articles (line items listed in this order) shall be shipped out or subcontracted without Buyer's prior written approval.

13. **Premium Time.** Supplier shall not undertake any extras nor incur any premium time chargeable to Buyer without Buyer's prior written approval and authorization to proceed. If premium time is approved by Buyer, Buyer will only pay as an addition to the price stated in this order, the premium cost portion of such work.

14. **Pricing.**

(a) Prices shall be firm and not subject to adjustment or variation unless specifically approved in writing by Buyer.
(b) Except as otherwise provided herein, the prices herein include all costs and charges to be incurred by Supplier, including, without limitation, installation and other service charges, all applicable federal, state and local taxes and duties, all wages and fees for services and materials, all charges for transportation, packing, packaging and returnable containers, all costs of design, engineering and development, and all costs

for tooling, gauges, jigs, fixtures, dies, molds, patterns, and similar property that may be obtained or required by Supplier for use in the manufacture, fabrication or assembly of the goods or performance of the services called for by this order.

15. **Setoff.** Supplier agrees that Buyer shall have the right to set off against amounts which may become payable by Buyer to Supplier under this order, any present or future indebtedness of Supplier to Buyer, whether arising under this order or otherwise.

16. **Assurance of Performance.** In the event Supplier fails to perform when due any delivery and/or service required by this order, or Buyer in good faith has any other reason to question Supplier's intent or ability to perform, Buyer may, at its election, demand adequate assurance of performance, including that Supplier furnish, at Supplier's expense, a performance bond or letter of credit, conditioned to indemnify Buyer for any loss Buyer may sustain by failure of Supplier to perform its obligations. In the event Supplier fails to comply with such demand within ten (10) business days thereafter, Buyer may treat this failure as a default.

17. **Invoice Procedure.** After completion of all work, Supplier shall submit an invoice in duplicate to Buyer's Accounts Payable Department and Buyer shall, after acceptance of all work, pay such invoice in accordance with the terms noted on the front of this order or if no such terms are noted, within 30 days after acceptance of all work. Such invoice shall be supported by Waivers of Lien and any additional Certification required.

18. **Capital Equipment Warranty.** In addition to the other Warranties herein provided, Supplier warrants that Supplier will immediately replace or repair free of charge, f.o.b. Buyer's plant, any goods or parts of any goods supplied hereunder which prove defective in materials or workmanship before the earlier of 18 months after delivery or 12 months after first beneficial use for its intended usage by Buyer.

Effective Date 1-1-04

Reed Rubber Products, Inc.