

Mattco Forge, Inc.
Purchase Order Terms and Conditions

1. Definitions. These Terms and Conditions are hereby incorporated into the attached Purchase Order or any other Buyer Purchase Order that references these terms, and collectively with such Purchase Order are referred to herein as this "Order." Whenever used in this Order, the following terms shall have the following meanings: (a) "Buyer" means Mattco Forge, Inc.; (b) "Supplier" means the person, partnership, corporation or other entity specified as the supplier; (c) "Goods" means all of the products, goods, services, information, drawings, documents and other items furnished or to be furnished under this Order to Buyer; (d) "specified" means specified on the face page of or elsewhere in this Order; and (e) "Indemnitees" means Buyer and the respective directors, officers, employees, agents, representatives, and customers of Buyer and its and their successors and assigns. If Supplier is composed of more than one person or entity, each such person and entity shall be jointly and severally liable as Supplier under this Order.

2. Acknowledgment. Supplier shall be deemed to have agreed to all of the provisions of this Order upon the first of the following to occur: (a) Supplier signs this Order and returns a signed copy to Buyer; (b) Supplier ships the Goods to Buyer in accordance with this Order; or (c) Supplier acknowledges this Order by any other commercially acceptable means. Buyer may, at any time prior to such occurrence, cancel this Order without any liability or obligation of, or cost to, Buyer. SUPPLIER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, APPLICATION OF ARTICLE 2 OF THE UNIFORM COMMERCIAL CODE ("UCC") AND ACKNOWLEDGES THAT THESE PURCHASE ORDER TERMS AND CONDITIONS EXPRESSLY SUPERSEDE ANY ADDITIONAL OR CONFLICTING TERMS IN ANY SUPPLIER TERMS, BILL OF LADING, CONFIRMATION OR OTHER DOCUMENT PROFFERED TO BUYER, AND THE UCC.

3. Price and Payment. Payment of the specified prices in this Order shall constitute full compensation for the Goods and for satisfactory performance of all of Supplier's obligations under this Order. Such prices shall be subject to adjustment only as specifically provided for elsewhere in this Order. Unless otherwise specified, such prices include all applicable taxes, assessments and other amounts payable to governmental authorities. Supplier shall separately invoice Buyer for any such amounts payable by Buyer. Unless otherwise specified in this Order, Buyer shall make payment within 60 days after the later of Buyer's receipt of Supplier's correct invoice or Buyer's acceptance of the Goods.

4. Delivery. Supplier shall properly package the Goods for protection against damage or deterioration from shipment, handling, storage or other cause. Supplier shall ship the Goods from the specified point of shipment F.O.B. Buyer's facility no later than the specified shipment date and shall deliver the Goods to Buyer at the specified destination no later than the specified delivery date. Title to the Goods passes to Buyer upon Supplier's delivery of the Goods to Buyer's specified destination. Supplier bears all risk of loss or damage to the Goods until such delivery.

5. Inspection. The Goods shall at all times be subject to inspection, testing and expediting by Buyer. Supplier shall provide Buyer sufficient, safe and proper access, equipment and facilities for any such inspection, test or expedition prior to shipment. No Goods shall be deemed accepted before final inspection by Buyer at the specified destination. No acceptance of any Goods shall be construed to result from any inspections, tests or delays or failures to inspect or test by Buyer. No inspection, test, delay or failure to inspect or test, or failure to discover any defect or noncompliance by Buyer shall relieve Supplier of any of its obligations under this Order or impair Buyer's right to reject defective or noncomplying Goods or any other right or remedy of Buyer, even if Buyer knew of the defect or noncompliance, its substantiality or the ease of its discovery.

6. Warranty. Supplier warrants that: (a) the Goods shall be free from all defects in design, materials, workmanship and title; (b) the Goods shall be of good and suitable quality if no quality is specified; (c) all materials, components, parts and other items incorporated in the Goods shall be new and of the most suitable quality for their intended purpose; and (d) the Goods shall conform with all the requirements of this Order and other specifications made by Buyer. Supplier shall promptly correct any Goods that do not comply with this warranty. If Buyer requests Supplier to make any such correction and Supplier thereafter fails or indicates its inability or unwillingness to do so, then Buyer may correct (or cause to be corrected) the noncompliance by the most expeditious means available to it and charge to or otherwise recover from Supplier the cost thereof. If Buyer rejects any Goods that do not comply with the foregoing warranty, Supplier shall have a reasonable time to correct the noncompliance; if Supplier fails to correct the noncompliance within a reasonable time, Buyer may cancel this Order as to the noncomplying portion of the Goods or entire Goods without any liability or obligation of, or cost to, Buyer and without prejudice to any other rights or remedies of Buyer with respect to such noncompliance (e.g., as to damages or cover).

7. Rejection. Buyer may reject, refuse acceptance of or revoke acceptance of any Goods, or any tender thereof, which do not strictly comply with the requirements of this Order. Buyer shall notify Supplier of any such rejection, refusal or revocation. In

any such event, Buyer may, without prejudice to any other rights or remedies with respect to such noncompliance, elect to: (a) retain any or all of such Goods for repair, replacement or other correction by Buyer or others; (b) retain any or all of such Goods without correction; or (c) return any or all of such Goods with or without direction for correction by Supplier. Supplier shall promptly comply with any direction by Buyer for correction. Buyer shall be entitled to recover from Supplier, by price reduction, credit, offset, invoice or otherwise, an equitable amount for the diminished value of any uncorrected Goods and all costs and expenses incurred by Buyer in connection with Goods which are rejected or with respect to which acceptance is refused or revoked (including, but not limited to, all costs and expenses of correction by Buyer or others and all costs and expenses to return Goods to Supplier for correction).

8. Indemnity. Supplier releases and shall defend, indemnify and hold harmless the Indemnitees from all claims, losses, liabilities, damages, costs, expenses (including, but not limited to, reasonable attorneys' fees) and royalties related to any claim, action, suit or proceeding involving the Goods, which claim, action, suit or proceeding is based upon (a) infringement (or alleged infringement) of any patent, copyright, trade name, trademark, trade secret or other proprietary right; (b) any breach of any warranty hereunder; or (c) a defect (or alleged defect) in any of the Goods or negligence (or alleged negligence) in the design or manufacture of the Goods. If any of the Goods constitutes an infringement of any patent, copyright, trade name, trademark, trade secret or other proprietary right, Supplier shall: (i) procure for Buyer or any end user that receives the Goods directly or indirectly from Buyer the right to use the infringing item; or (ii) replace the infringing item with a substantially equal but noninfringing item.

9. Compliance with Laws. Supplier shall comply (and shall ensure that the Goods and Supplier's subcontractors and suppliers of every tier comply) with all applicable laws, ordinances, rules, regulations, orders, licenses, permits and other requirements, now or hereafter in effect, of any governmental authority. Supplier shall furnish such documents as may be required to effect or evidence such compliance. All laws, ordinances, rules, regulations and orders required to be incorporated in agreements of this character are incorporated in this Order by this reference. Supplier certifies that all Goods shall be produced in compliance with the requirements of the Fair Labor Standards Act and all of the rules, regulations and orders issued thereunder, all as the same may have been or may be amended.

10. Changes and Terminations.

10.1 Buyer may make changes in the requirements of this Order (including, but not limited to, additions to or deletions from any Goods, changes in quantities, drawings and specifications for the Goods, suspension of performance, changes in schedule and changes in shipment and delivery dates) by giving Supplier written notice of such changes. If any such change causes an increase or decrease in the cost of or the time required for performance of this Order, an equitable adjustment in the prices and schedule under this Order may be made to reflect such increase or decrease.

10.2 Buyer may terminate this Order as to all or any portion of the Goods not then delivered to and accepted by Buyer by giving Supplier written notice of such termination. In the event of any such termination, an equitable adjustment shall be made in the prices payable under this Order with respect to the terminated Goods; provided that such adjusted prices shall in no event exceed the total prices otherwise payable under this Order for the terminated Goods, less the sum of (a) the estimated costs (plus a reasonable allowance for profit) which would have been incurred by Supplier to complete performance with respect to the terminated Goods and (b) the reasonable value of the terminated Goods at the time of such termination. No such termination shall relieve Buyer or Supplier of any of their respective obligations under this Order as to any Goods not terminated. If Buyer purports to terminate or cancel all or any part of this Order for Supplier's breach or default and it is determined that Supplier was not in breach or default that would permit such termination or cancellation, then such termination or cancellation shall be deemed to have been a termination pursuant to this paragraph and the rights and obligations of the parties shall be determined accordingly.

10.3 Supplier must, within thirty (30) days after Supplier's receipt of any notice under paragraph 10.1 or 10.2 that does not set forth an acceptable equitable adjustment, submit to Buyer a written statement of any adjustment claimed. Supplier shall not be entitled to any adjustment unless such written statement is submitted within such thirty (30) day period. Notwithstanding any dispute or delay in arriving at a mutually acceptable equitable adjustment under paragraph 10.1 or 10.2, Supplier shall immediately proceed with performance of this Order in accordance with any notice under paragraph 10.1 or 10.2. In making any equitable adjustment under paragraph 10.1 or 10.2, Supplier shall not be entitled to: (a) any profit on deleted or terminated Goods; (b) any allowance for profit, overhead, underutilization of facilities or indirect costs related to deleted or terminated Goods; (c) any reallocation of cost, overhead or profit; (d) any increase in the prices for Goods not changed or terminated; (e) any price or other compensation with respect to deleted or terminated Goods which are standard stock or off-the-shelf items of Supplier or any of Supplier's subcontractors or suppliers of any tier; or (f) any compensation for materials, components, parts, equipment or other items not purchased by Supplier specifically for performance of this Order. Supplier shall in any event use its best efforts to minimize any adjusted prices and shall make available to Buyer for examination, copying and audit all records, receipts and other

evidence of Supplier's costs, together with such other information and documents as Buyer may reasonably request, to fully support and verify any adjustment. Supplier shall promptly repay Buyer any amounts paid in excess of any adjusted prices.

11. Confidential or Proprietary Information and Property. Supplier shall keep confidential and otherwise protect from disclosure all information and property related to Buyer obtained by Supplier in connection with this Order. Supplier shall not use Buyer's name, trademarks or other identifiers, or any opinions of Buyer's employees, for advertisement or promotional purposes without prior written consent of Buyer. Unless otherwise expressly authorized by Buyer, Supplier shall use such information and property, and the features thereof, only in the performance and for the purposes of this Order. Upon Buyer's request and in any event upon the completion, termination or cancellation of this Order, Supplier shall return all such information and property to Buyer or dispose of them according to Buyer's direction. Supplier shall ensure that all subcontracts, purchase orders and other agreements entered into by Supplier or any of its subcontractors or suppliers of any tier related to the Goods or this Order shall provide to Buyer the same rights and protection with regard to such subcontractors and suppliers as are contained in this paragraph with regard to Supplier.

12. Successors and Assigns. Supplier shall not (by contract, operation of law or otherwise) assign this Order or any right or interest in this Order, or delegate performance of any of its obligations under this Order, without the prior written consent of Buyer. Any such assignment or delegation without Buyer's prior written consent shall be voidable at Buyer's option. No such assignment or delegation, with or without Buyer's prior written consent, shall relieve Supplier of any of its obligations under this Order. Subject to the foregoing restriction on assignment and delegation by Supplier, this Order shall be fully binding upon, inure to the benefit of and be enforceable by Supplier, Buyer and their respective successors, assigns and legal representatives.

13. Nonwaiver. The failure of Buyer to seek strict performance by Supplier of any of the provisions of this Order, or to exercise any rights or remedies under this Order, shall not be a waiver or relinquishment to any extent of its right to assert or rely upon any such provisions, rights or remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

14. Applicable Law; Courts. This Order shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of California. Neither the UCC nor the U.N. Convention on Contracts for the International Sale of Goods will apply to this Order. Supplier shall not commence or prosecute any suit, proceeding or claim to enforce the provisions of this Order, to recover damages for breach of or default under this Order, or otherwise arising under or by reason of this Order, other than in the federal and state courts located in Los Angeles County, California. Supplier irrevocably consents to the jurisdiction and venue of such courts and to service of process by U.S. mail.

15. Most Favored Customer. Supplier represents and warrants that the price for the Goods is the lowest price charged by Supplier to any of its external buyers for similar volumes of similar products, goods, services, information, drawings, documents and other items. If Supplier charges any other buyer a lower price, Supplier shall apply that price to all Goods under this Order. If Supplier fails to meet the lower price, Buyer, at its option, may terminate this Order without liability.

16. Time is of the Essence; Entire Agreement. Time and quantity of Goods are each of the essence of this Order. This Order sets forth the entire agreement, and supersedes any and all prior agreements, between Supplier and Buyer regarding the Goods. No amendment or modification of any provision of this Order (other than any change or termination pursuant to Section 10) shall be valid unless set forth in a written instrument signed by the party to be bound thereby. Buyer shall not be bound by, and specifically objects to, any term, condition or other provision which is different from or in addition to the provisions of this Order (whether or not it would materially alter this Order) and which has been proffered by Supplier in any general terms or conditions of sale, quotation, invoice, shipping document, acceptance, confirmation, correspondence or otherwise, unless Buyer specifically agrees to such provision in writing. The rights, remedies and warranties afforded to Buyer pursuant to any provision of this Order are in addition to and do not in any way limit any other rights, remedies or warranties afforded to Buyer by any other provisions of this Order, by any of Supplier's subcontractors or suppliers of any tier or by law.