

1. ACCEPTANCE:

- 1.1. These terms and conditions are the exclusive binding agreement between the parties covering the purchase of the products and services ordered and are accepted by acknowledgment and / or commencement of performance. THIS ORDER CAN BE ACCEPTED ONLY ON THESE TERMS AND CONDITIONS. ADDITIONAL OR DIFFERENT TERMS PROPOSED BY SELLER ACKNOWLEDGMENT HEREOF WILL NOT BE APPLICABLE UNLESS ACCEPTED IN WRITING BY THE BUYER. ACCEPTANCE OF THE PRODUCT OR SERVICES DELIVERED UNDER THIS ORDER SHALL NOT CONSTITUTE ACCEPTANCE OF SELLER'S TERMS AND CONDITIONS. No change, modification or revision of this order shall be effective unless in writing and signed by LACO's duly authorized purchasing representative or company officer.

2. PRICES:

- 2.1. Seller warrants that the prices to be charged for products or services identified on the face hereof are not in excess of prices charged to other customers for similar quantities and delivery requirements. In the event of any price reductions during the effective period covered by this order which apply to similar products or services, such price reductions shall automatically reduce the unit price of the unshipped products or services not yet rendered by a comparable percentage at the time of the price reduction.

3. REPLACEMENT PARTS

- 3.1. Seller agrees to make replacement/maintenance/spare parts available to Buyer or its designee for a period of 5 years after the sale.

4. INVOICES:

- 4.1. Payment of invoices shall not constitute acceptance of the product and shall be subject to adjustment for errors, shortages, defects in the product or other failure of Seller to meet the requirements of the order. LACO may at any time offset any amount owed to Seller against any amount owed by Seller to LACO or any of LACO's affiliated companies.

5. TAXES AND RELATED CHARGES on INVOICE:

- 5.1. All taxes and related charges shall be stated separately on Seller's invoice.

6. OVERSHIPMENTS:

- 6.1. Buyer will pay only for maximum quantities ordered. Over shipments will be held at Seller's risk and expense for a reasonable time while awaiting shipping instructions from Seller.
- 6.2. Return shipping charges for excess quantities will be at Seller's expense.

7. PACKING AND SHIPPING:

- 7.1. Unless otherwise specified, all products shall be packaged, marked, and otherwise prepared for shipment in a manner which is:

- in accordance with good commercial practice,
 - acceptable to common carriers for shipment at the lowest rate for the product,
 - adequate to insure safe and undamaged arrival of product at the named destination,
 - adequate for storage and protection against weather,
 - in accordance with industry practices or as defined by mutually agreed upon specifications,
- 7.2. Seller shall mark all containers with necessary lifting, handling and shipping information, purchase order number, date of shipment, and the name of the consignee and consignor. All product packaging must be clearly identified with LACO part numbers. Bar code labeling may be required at no additional charge to buyer. UPS packaging standards may be required. An itemized packing sheet must accompany each shipment unless otherwise specified.

8. WARRANTY

- 8.1. Seller warrants that all products and product components are free from defects in workmanship, material and design, and that the products comply with the order and with drawings, specifications, and samples applicable. Seller warrants that all products are of merchantable quality and are fit and suitable for the purpose designated by LACO.
- 8.2. The warranty shall begin from date of written equipment final acceptance and shall continue for a period of 18 months. These warranties are in addition to all other warranties, expressed or implied, and shall survive delivery, inspection, acceptance or payment by LACO, its successors and assigns.
- 8.3. If any products delivered hereunder do not meet the warranties specified herein or otherwise applicable, LACO may at its election:
- require Seller to promptly correct, at no cost to LACO, any defective or non-conforming products by repair or replacement, at the location specified by LACO, or,
 - return such defective or non-conforming products, at Seller's expense, and recover from the Seller the order price thereof.
- 8.4. LACO's approval of the Seller's product or design shall not relieve Seller of the warranties set forth in this clause. The provisions of this clause shall not limit or effect the rights of LACO under the clause thereof entitled "Inspection."
- 8.5. The foregoing remedies are in addition to all other remedies at law in equity or under this order, for damages or otherwise and shall be deemed to be exclusive.

9. INSPECTION:

- 9.1. All products purchased hereunder shall be subject to inspection and test by LACO to the extent practicable at all times and places during and after the period of manufacture and, in any event, prior to final acceptance. If inspection or test is made by LACO on Seller's premises, Seller, without additional charge shall provide reasonable facilities and assistance for the safety and convenience of LACO's inspectors. No inspection or test made prior to final acceptance shall relieve the Seller from responsibility for defects or other failure to meet the requirements of this order.
- 9.2. If any product is found to be defective in material or workmanship, or otherwise not in conformity with the requirements of this order, LACO shall have the right to either reject it, require its correction, or conditionally accept it. LACO reserves the right to return such conditionally accepted products for credit, within a reasonable period of

time after conditional acceptance in the event that LACO determines such products are unsuitable for its purpose. Any product that has been rejected, or, required to be corrected, shall be replaced or corrected by, and at the expense of, the Seller promptly after notice. If, after being requested by LACO, the Seller fails to promptly replace or correct any defective product within the delivery schedule, LACO may at its sole option, by contract or otherwise:

- replace or correct such product and charge the Seller, and the Seller agrees to pay, the cost incurred thereby, or,
 - may, without further notice, terminate this order for default in accordance with the clause herein entitled "Termination for Default," or,
 - may utilize the defective product and require an appropriate reduction in price.
- 9.3. The Seller shall provide and maintain an inspection system which is acceptable to LACO.
- 9.4. Records of all inspection work shall be kept complete and available to LACO during the performance of this order and for a period of 5 years thereafter.

10. CHANGES:

- 10.1. LACO may at any time by written order, suspend performance hereunder, increase or decrease the ordered quantity, or make changes in any one or more of the following:
- applicable drawings, designs or specifications
 - method of shipment or packing, and/or
 - place of delivery.
- 10.2. 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 shall be made in the order price or delivery schedule, or both, and the order shall be modified in writing accordingly. No claim by Seller for adjustment hereunder shall be valid unless in writing accompanied by an estimate of costs, within fourteen (14) calendar days from the date of receipt by Seller of the notification of change. Failure of the Seller to assert a claim within fourteen (14) days, as provided above, shall constitute an unconditional and absolute waiver by Seller of any right to make a claim for adjustment. However, nothing in this clause shall excuse Seller from proceeding with the order as changed or amended. LACO reserves the right to verify claims hereunder and Seller shall make available the appropriate records, upon its request.

11. TERMINATION FOR DEFAULT:

- 11.1. It is understood and agreed that time is of the essence under this order or any extension thereof effected by any change order. LACO may by written notice terminate this order in whole or in part if the Seller fails
- to make delivery of the product or to perform the service within the time specified on the order, or,
 - to replace or correct defective products in accordance with the provision of those clauses hereof entitled "Warranty" and "Inspection" or,
 - to perform any of the provisions of this order, or,
 - to make progress as to endanger performance in accordance with the terms hereof, including delivery schedules, or

- if Seller becomes insolvent, admits inability to pay its debt as they mature, files a voluntary petition for bankruptcy, makes an assignment for the benefit of creditors or if a petition under bankruptcy laws is filed against it.
- 11.2. In the event of termination pursuant to this clause, LACO may procure upon such terms and in such manner as LACO may deem appropriate, products and services similar or substantially similar to those so terminated and Seller shall be liable to LACO for any excess costs incurred by LACO, provided that in the event LACO elects to terminate only a portion of the order, then in such event Seller shall continue the performance of the order to the extent not terminated.
- 11.3. If this order is terminated, LACO, in addition to any other rights provided herein, may require the Seller to transfer title and delivery to LACO, in the manner, time and to the extent directed by LACO,
- any completed products, and
 - such partially completed products and material, parts, tool, dies, jigs, fixtures, plans, drawings, information, and contract rights as the Seller has produced or acquired for the performance of the terminated parts.
- 11.4. Seller shall upon direction of LACO, protect and preserve property encompassed in this clause. Payment for uncompleted products delivered to and accepted by LACO shall be an amount agreed upon by Seller and LACO. However, such amount shall not exceed the order price per unit.
- 11.5. If LACO issues a notice of termination for default, and it is subsequently determined that LACO's termination under this clause is inappropriate, the termination shall be deemed by LACO and Seller to have been originally issued under "Termination for Convenience" and the rights and liabilities of the parties hereto shall in such event be governed by such clause.
- 11.6. Failure of LACO to enforce any right under this clause shall not be deemed a waiver of any other right hereunder. The rights and remedies of LACO under this clause shall not be exclusive and are in addition to any other rights and remedies provided by law.

12. TERMINATION FOR CONVENIENCE:

- 12.1. LACO may terminate work under this purchase order in whole or part at any time by providing written notice to Seller specifying the extent to which performance of work is terminated.
- 12.2. After receipt of such notice, except as otherwise directed by LACO, the Seller shall immediately stop work under this order to the extent specified in the notice of termination.
- 12.3. Within thirty (30) days after receipt of the notice of termination, the Seller shall submit to LACO its written termination claim. Failure of the Seller to submit its termination claim as provided herein shall constitute an unconditional and absolute waiver by the Seller of any claim arising from LACO's notice of termination.
- 12.4. Seller shall reasonably assess costs for raw materials, work in process and sub-assemblies as may be included within its termination claim to determine whether or not such items may be used by Seller for the manufacture of associated products, returned to Seller's supplier, or otherwise diverted for any other purpose and to correspondingly reduce its termination claim by the value of such items. When settlement has been made, title and items shall be delivered to LACO under LACO's shipping instructions.

- 12.5. Standard or off-the-shelf products: Seller shall remove all product, and any related restocking fee, that is considered standard or off-the shelf from any claim.
- 12.6. Custom products: with respect to custom products, Seller's termination claim shall consist solely of the following:
 - Completed products received and accepted by LACO, and,
 - The cost of work in process, not to exceed the unit cost on the order.
- 12.7. In no event shall Seller be entitled to incidental or consequential damages, costs preparing claims, attorney's fees, cost of tooling or equipment sales or agent's commissions.
- 12.8. LACO reserves the right to verify claims hereunder and Seller shall make available to LACO, all appropriate records, upon request.
- 12.9. Seller will use all available means to mitigate charges to Buyer.

13. PRODUCT RETURNS:

- 13.1. Standard or off-the-shelf products: Seller agrees to allow LACO to return any standard or off-the-shelf product and receive a full credit for items returned, provided the product is in good re-sellable condition. No restocking or other charges shall be applied. LACO shall be responsible for freight of returned product.

14. RISK OF LOSS:

- 14.1. Notwithstanding any prior inspections and irrespective of the F.O.B. point named herein, the Seller shall bear all risks of loss, damage, or destruction on the products called for hereunder until acceptance by LACO at specified destination. Further, the Seller shall also bear the same risks with respect to any products rejected by LACO.

15. WAIVER:

- 15.1. The failure of LACO to enforce at any time any of the provisions of this order, or to exercise any election or option provided herein, or to require at any time performance by the Seller of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this agreement or any part thereof, or the right of LACO thereafter to endorse each and every such provision.

16. PATENTS, ROYALTIES AND ENCUMBRANCES:

- 16.1. All products supplied must be free from claims of others with respect to royalties, patent rights and mechanics' liens or any other encumbrances or charges.
- 16.2. Seller agrees to indemnify and hold LACO harmless against all claims, demands, costs and actions for actual or alleged infringements of patent rights in the use, sale or resale of said products.

17. BUYER'S PROTECTION IN CONNECTION WITH WORK DONE AT ITS PLANT:

- 17.1. Seller shall take such steps as may be reasonably necessary to prevent personal injury or property damage during any work hereunder that may be performed by any employees, agents or subcontractors of the Seller at LACO's plant and the
- 17.2. Seller shall indemnify, hold harmless and defend LACO from and against all loss, liability, liens, claims and damages arising from or caused directly or indirectly by any act or omission of such agents, employees or subcontractors of the Seller, and
- 17.3. Seller shall maintain such insurance against public liability and property damage, and such Employer's Liability and Compensation Insurance as will protect the Buyer

against the aforementioned risks and against any claims under any Workmen's Compensation and Occupational Disease Acts. Specifically:

- Comprehensive General Liability (including Products): with limits not less than \$500,000/500,000 BI and \$250,000 PD.
- Auto Liability: with limits not less than \$500,000/600,000 BI and \$250,000 PD.
- Worker's Compensation (including Employer's Liability) which complies with all statutory regulations in the State of Utah, or the States in which the work is being done.
- Umbrella (including Products): with limits of not less than \$1,000,000 each occurrence or a \$5,000,000 combined single limit.
- No less than 30 days' notice of cancellation
- LACO named as ADDITIONAL insured.

18. COMPLIANCE WITH LAWS:

18.1. The Seller warrants that no law, rule or ordinance of the United States, a State or any other governmental agency has been violated in the manufacture or sale of the products or in the performance of services covered by this order, and will defend and hold LACO harmless from loss, cost or damage as a result of any such actual or alleged violation. Upon written request by LACO, Seller agrees to execute and furnish a certification of compliance as related to any applicable Federal, State and/or local laws or regulations.

19. NON-DISCLOSURE OF CONFIDENTIAL MATTER AND PUBLICITY:

19.1. Products purchased to LACO's specifications or drawings shall be held in the strictest of confidence in the absence of LACO's prior written authorization. Such specifications, drawings, samples or other data furnished by LACO shall be treated as CONFIDENTIAL and PROPRIETARY INFORMATION by the Seller, shall remain LACO's property and shall be promptly returned to LACO upon request.

19.2. Any publicity regarding the order (pictures, descriptions, notice of award or samples thereof) is prohibited except with LACO's written approval.

20. INTELLECTUAL PROPERTY INDEMNIFICATION:

20.1. Seller agrees to and shall, on a timely basis, either settle or defend all claims, suits or proceedings brought against LACO, its directors, officers, agents, and employees, or its customers, based upon any claim that the products purchased hereunder constitute any infringement of any patent, copyright, or trademark, or constitutes a misappropriation of trade secret, or violates any other proprietary rights of others, and agrees to indemnify LACO, and its customers for all damages and costs, suits, actions, or claims, including reasonable attorney's fees.

20.2. LACO agrees to give Seller timely notice in writing of each such suit, action, or claim and to give control thereof to Seller. LACO shall have the right, but not the obligation, to participate at its own expense in any such suit, action, or claim; and in such event, Seller shall indemnify LACO for all damages, settlement, expense, and costs, including reasonable attorney's fees.

21. ENJOINED USE:

21.1. In providing the "Intellectual Property Indemnification", or if the use, sale, lease or other disposition by LACO of the products, or any part thereof, furnished pursuant to

these terms and conditions are enjoined, Seller at its sole expense shall, at the option of Seller either:

- obtain for LACO the right to so use, sell or lease the products, or
- substitute an equivalent modified item suitable to LACO and extend the indemnity of this Article thereto or
- grant LACO credit for the purchase price of the products.

22. ASSIGNMENT AND SUBCONTRACTORS:

- 22.1. No right or obligation under this purchase order (including the right to receive monies due hereunder) shall be assigned by Seller, and Seller shall not enter into any substantial or critical subcontracts without the prior written consent of LACO.
- 22.2. Any purported assignment without such consent shall be null and void and LACO shall not be obligated to recognize any claim from Seller resulting from Subcontract, not previously consented to by LACO.

23. LACO-FURNISHED PROPERTY:

- 23.1. All tools or other materials furnished by LACO for use in the performance of this order shall remain the property of LACO and are to be used by the Seller in the performance of this order only, in accordance with the requirements of the order relating to such use and shall be returned to LACO when requested or upon termination of the order.
- 23.2. Seller agrees to exercise reasonable care in the safeguarding and preservation of all LACO-furnished property and assumes all responsibility for loss, damage, wear and tear, or destruction while such property is within Seller's possession or control.

24. PATENT LICENSE:

- 24.1. The Seller, as partial consideration for the purchase order and without further cost to LACO, hereby grants LACO 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 the performance of the purchase order.

25. SPECIAL TOOLING:

- 25.1. If special tooling used in the performance of this purchase order has been charged to this order, or other orders placed by LACO, title to such special tooling shall vest with LACO. Such tooling is to be used only in the performance of LACO Purchase Orders unless otherwise approved by LACO. The Seller agrees that it will identify and maintain the property control records on all such tooling, and will make such records available for inspection by LACO at all reasonable times. After the termination or completion of such order(s) and upon the request of LACO, the Seller shall furnish a list of such tooling, in the form requested, and shall make such tooling available for disposition by LACO.

26. GOVERNMENTAL REGULATIONS:

- 26.1. Seller warrants that the products specified by this purchase order are manufactured or purchased in accordance with all applicable regulations; local, state, and federal. Seller agrees to provide any necessary documentation required for LACO to properly address governmental agency inquiries.

27. APPLICABLE LAW:

27.1. This purchase order shall be governed by, subject to and construed in accordance with the laws of the State of Utah.

28. EQUAL EMPLOYMENT OPPORTUNITY:

28.1. Seller will use its best effort to comply with all applicable equal employment laws and regulations.

28.2. Seller agrees not to discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and will not illegally discriminate based on physical or mental handicap or veteran status.

29. INDEPENDENT CONTRACTORS:

29.1. It is agreed that the relationship between the parties is that of independent contractors, and nothing contained herein shall be construed or implied to create the relationship of partners, joint venture, agent and principal, employer and employee, or any relationship other than that of independent contractors. At no time shall either party make any commitments or incur any charges or expenses for, or in the name of, the other party.

30. FORCE MAJEURE

30.1. Neither party shall be deemed to be in default for any delay or failure to furnish or accept products hereunder if such delay or failure on the part of such party is due to

- a) acts of God or of a public enemy,
- b) acts of the United States or any pertinent governmental authority,
- c) fires, floods, explosions or other catastrophes,
- d) epidemics and quarantine restrictions,
- e) strikes, slow-downs, or labor stoppages of any kind,
- f) freight embargoes,
- g) unusually severe weather
- h) any other similar causes beyond the control and without the fault or negligence of such party.

30.2. In the event of delay or failure to perform due to any such cause, the time for performance shall be extended for a period of time equal to the time lost by reason of such cause, except that if any delay of Seller continues for a period of three (3) months or more, LACO, may terminate any orders for undelivered products; and, additionally, LACO may cancel this Agreement without any further obligation to Seller.