

"Terms and Conditions of Sale", followed by "Terms and Conditions of Purchase".

TERMS AND CONDITIONS OF PURCHASE

SUPERCEDES ALL PREVIOUS TERMS AND CONDITIONS OF SALE

QUOTATIONS

Stenographic and clerical errors are subject to correction. Orders/contracts are subject to acceptance at seller's home office.

QUANTITIES

Unless explicitly stated in the purchase order or required by prior agreement/contract to the contrary, buyer agrees to accept over/under runs not to exceed 5% of ordered quantity on each line item.

CANCELLATIONS

Orders may be cancelled upon condition that the buyer assumes immediate liability and makes payment for all work completed and in process. Such charges shall include raw material, unamortized tooling, and engineering, handling, overhead, and production costs. Such charges will be determined at time of cancellation. Any release delayed more than 90 days from the original release date is subject to a 1% monthly carrying charge.

DELIVERY & SHIPMENTS

Seller shall not be liable for damages or default or delay in production or delivery for causes beyond his control including an accident to or breakdown of his equipment, labor disputes, embargos, acts of God, supplier delays, government restrictions, riot or carrier delays. Buyer shall bear the expense of all product packaging.

TAXES

All sales and/or use taxes and Custom duties imposed by federal, state, county or municipal authority upon seller's transfer and delivery of merchandise hereunder shall be paid by the buyer.

SAMPLES

If requested, seller will submit samples for approval when commencing production upon any order. It is understood that machines may commence running production concurrently with review of samples. Any changes in original specifications must be timely and will be made only at buyer's direction and expense. Buyer shall notify seller immediately and follow with written confirmation.

CLAIMS

In all claims for shortages, buyer must notify seller within 15 days of receipt of shipment. Charges for repair or inspection of parts by buyer, without prior authorization, cannot be honored. Claims will not be honored on those parts further processed by buyer resulting in change of dimensions or characteristics from parts ordered.

TOOLS & DIES

Tools, dies, gages, and fixtures are an integral part of the manufacturing process and may be included in engineering charges. As a proprietary item, payment by the buyer, whether separately quoted or not, conveys neither ownership nor the right of removal from the seller's plant. Specific arrangements can be made if the buyer specifies these requirements up front and submits a separate purchase order for them.

PATENT

The products hereunder are manufactured in accordance with the buyer's specifications and design. Accordingly, buyer shall defend and save harmless seller from all damages, claims, actions, or suits based upon actual or alleged infringement of any patent registered in the U.S. or elsewhere. Indemnity shall include attorney's fees and other costs in defending such claim.

WARRANTY

Seller warrants that goods manufactured by him will conform to the drawings and specifications furnished by buyer. To ensure that product ordered meets all buyer requirements, Seller will conform to all specifications and applicable revisions identified with the order documentation and/or previously supplied by the buyer. In the absence of revision requirements of specifications, Seller will utilize the latest revision available at the time of processing of the order. Where products are used and combined with other equipment or components not furnished by seller, buyer agrees to indemnify seller for all claims and expenses resulting from the use or incorporation into buyer's products. Indemnity shall include attorney's fees and other costs in defending such claim. No express or implied warranty of merchantability or fitness for use is made except as provided herein.

LIMITED LIABILITY

The seller's liability shall be limited to twice the amount of the contract. The foregoing states seller's entire and exclusive liability. In no event will seller be liable for consequential or special damages arising from any defect or use of his products.

LATE CHARGES

Ken and Bob, Inc. (dba. Stello Industries), will charge 1.5% late charges on balances past payment terms. Acceptance of this proposal is deemed implicit acceptance of these terms. If Ken and Bob, Inc (dba. Stello Industries) must pursue legal redress to collect payment for products orders shipped or services rendered, the cost of such pursuit will be indemnified by customer, in addition to payment in full and interest thereupon. It is expressly agreed that venue shall be Long Beach, California.

RETURNS

All returns must be accompanied by a Returned Material Authorization (RMA) # provided by Ken and Bob, Inc (dba. Stello Industries)

This agreement is to be governed by the laws of the state of California.

THE FOLLOWING GENERAL TERMS AND CONDITIONS (GTC) APPLY TO ALL STELLO PURCHASE ORDERS AND CONTRACTS, UNLESS OTHERWISE NOTED. SPECIFIC STELLO QUALITY REQUIREMENTS (QR) CLAUSES APPLY WHEN NOTED ON THE P.O.

TERMS AND CONDITIONS OF PURCHASE

SUPERCEDES ALL PREVIOUS TERMS AND CONDITIONS OF PURCHASE

SELLER'S ACCEPTANCE

Acceptance of this order is limited to the terms and conditions stated in this order. No modification will be effective and no additional or different terms will become a part of the contract unless agreed to in writing by Buyer's authorized representative. ACCEPTANCE of this order, or the initiating of any process, or the furnishing of any product, or the acceptance of payment, constitutes unconditional acceptance of this order and applicable Terms and Conditions. No additional or different terms offered by the Seller shall be or become part of this order nor shall this order be modified, without the express written approval of the Buyer.

PRICES

Seller's prices will not be higher than stated unless otherwise agreed to in writing by and authorized employee of Buyer. No charges by Seller will be allowed for transportation, reels, drums, boxing, crating, or other packaging unless agreed to herein. The price quoted herein includes an allowance for all taxes levied by any government authority, which the Seller is required to pay or collect.

DELIVERIES

Buyer's production schedules are based upon Seller's assurance of delivery to Buyer by the date specified on the face of this order. TIME IS OF THE ESSENCE IN THIS AGREEMENT. If late deliveries are made, Buyer may purchase elsewhere, and/or hold Seller accountable for all damages, direct and indirect, resulting from Seller's failure to deliver on schedule. Early deliveries are subject to Buyer's approval.

SUSPENSION OF DELIVERY

Buyer will have the right to suspend shipment of all or part of this order in the event of matters beyond its control affecting Buyer's need for the goods ordered, without limitation acts of God, war, riots, embargoes, acts of civil or military authorities, fires, floods, nuclear incidents, quarantine restrictions, supplier conditions, strikes, differences with workman, delays in transportation, shortage of cars, fuel, labor or materials. Buyers will not be liable for damages of any kind by reason of such suspensions.

CANCELLATION

Buyer will have the right of cancellation without having further liability to Seller if materials or service furnished hereunder do not strictly conform to specifications of Buyer. Buyer may also terminate this order in whole or in part any time for any reason whatsoever by written, e-mail or telegraph notice. Upon receipt of such a notice, Seller will to the extent directed to the Buyer, terminate work under the Agreement and any subcontracts outstanding hereunder and take any necessary action to protect property in Seller's possession in which the Buyer has or may acquire an interest. The only liability of Buyer for cancellation of this order in whole or in part is reimbursement to Seller for all direct costs incurred by Seller for this order as of the time of receipt of the cancellation notice, less the greater of either any amounts received by the Seller on resale of such work in process or the reasonable value of such work in process. Such payment by Buyer will be in full satisfaction of all claims that Seller may have against the Buyer under this order of or for the cancellation.

CHANGES

Buyer may, from time to time, without notice to any sureties or assignees, change packing, testing, destinations, specifications and designs and may delay delivery schedules. Seller will immediately notify Buyer of any increases or decreases in costs caused by such changes and an equitable adjustment in prices or other terms hereof will be agreed upon written amendment to this purchase order.

BLANKET PURCHASE ORDERS

If the goods purchased are covered by a blanket purchase order, Seller will not make any shipment or issue any invoices until Buyer issues a release purchase order. Unauthorized shipments will be held at Seller's risk and expense. A blanket purchase order authorizes Seller to produce raw materials sufficient to meet delivery of the entire quantity of the blanket purchase order, but only to manufacture and deliver such respective quantities at such respective times as is indicated on the production schedule which is made a part of the blanket purchase order. Buyer will not be liable for manufacturing before the time, or in excess of the quantities required to meet the delivery schedule.

QUANTITIES

Shipment must equal exact amounts ordered unless otherwise agreed to in writing by an authorized agent of Buyer.

WARRANTIES

Seller warrants that all materials or services delivered hereunder are free from defects in materials, and/or workmanship and conform strictly to the applicable revisions of specifications, drawings, or samples specified or furnished to Seller. In the absence of specific revisions identified on purchase documentation, seller will use the latest version of the specifications involved. To the extent that such materials or services are not furnished pursuant to design furnished by Buyer, they will be free from defects in design and suitable for their intended purposes. When specified in the Buyer's Purchase Order, Seller also warrants that requirements for test specimens, to notify of anomalies and/or to flow down requirements to sub-tier suppliers in purchasing documents have been met. These

warranties will survive any inspection, delivery, acceptance, payment or use by the Buyer or its customers of the materials or services and will run to the Buyer, its successors, assigns, customers and users of its products and each of them from and against any and all loss, injury and damages suffered by them and against any and all suits, proceedings in law or in equity, and any and all liability for losses, injuries and damages, including all reasonable attorney's fees, arising out of or in connection with any claim by any person, firm or organization, including the Buyer, that the materials or services furnished by Seller are or were defective, infringing or injurious in any manner.

TRAFFIC ROUTING

Any losses resulting from deviation from the Buyer's routing instructions will be charged to Seller's account and may be set off against amounts due to Seller under this Agreement. The Buyer reserves the right to specify routing on all materials sold F.O.B. point of shipment. If not routed by the Buyer, the Seller will move the material by the most economical route.

VERIFICATION AND INSPECTION

Final inspection will be on Buyer's premises unless otherwise agreed in writing. Materials rejected, as not conforming to the Agreement will be returned at Seller's expense, including transportation and handling costs. Buyer may also delegate product verification to the seller. When Buyer's purchase order indicates "Drop Ship" completed product to an address other than that of the Buyer, a delegation of verification is assumed. Seller must follow internal procedures to verify purchased products. These may include inspection and audit at the source, review of required documentation, and inspection of products at delivery. By submitting shipping documentation and/or invoices to Buyer for work performed and shipped to the "Drop Ship" location, Seller is certifying that the required product verification has been completed successfully.

RIGHT OF ACCESS

Buyer reserves the right of access to verify or have its customer or regulatory authorities verify conformance to requirements at all Sellers' facilities involved in the order and all applicable quality records. When this right is deemed necessary to utilize with an order, the Buyer will define specific verification arrangements and the method of product release on the purchase order.

RIGHT OF ENTRY

Buyer, Buyer's Customers and Government regulatory agencies shall have the right of entry into Seller's facility for the purpose of verification of materials, quality system, manufacturing and documentation.

Right of entry flows down to all facilities used in the fulfillment of this order.

FLOW-DOWN REQUIREMENTS

To ensure conformance to all Purchase Order requirements, Seller shall flow-down all applicable requirements to Seller's sub-tier sources, when such sources are used by Seller for procurement or processing of products.

DAMAGES

Buyer's liability for breach of this Agreement will not exceed the difference between the resale price of any materials or work in process, sold in good faith and in a commercially reasonable manner and the contract price for such materials or work in process less expenses and costs saved in consequence of Buyer's breach. Buyer will not be liable for any incidental, consequential, punitive or liquidated damages or any similar type of future or speculative damages regardless of nomenclature in legal terminology.

BUYER'S PROPERTY

All material, including tools or machines, furnished or specifically paid for by Buyer, will be subject to removal at all times without additional costs upon demand by Buyer, will be used only for filling orders from Buyer, will be kept separate from other materials or tools, will be clearly identified as the property of Buyer will be insured by Seller with loss payable to Buyer and will be kept confidential. Seller assumes liability for all loss or damage, excepting normal wear and tear to such materials, and agrees to supply detailed statements on the material as requested by buyer. Any material furnished by the Buyer on a "No Charge" basis shall remain property of the Buyer and be fully accounted for, including scrap. Any such material scrapped because of defective workmanship of Seller shall, at the Buyer's discretion, be replaced or paid for by the Seller.

STATUTORY COMPLIANCE

Seller warrants that all materials and services furnished under this contract, including the manufacture and sale thereof conform to all applicable federal, state and local statutes, regulations and ordinances, including the Fair Labor Standard Act of 1938 as amended. Seller further certifies and warrants that, to the extent by law, it is in full compliance with all of the provisions of the Equal Employment Opportunity Clause issued under Executive Order 11246.

WAIVER

No delay or failure by Buyer in exercising any rights under this Agreement and no partial exercise thereof will constitute a waiver of any rights hereunder. Invoice will be paid per Buyer's payment policy. Discount terms should be from either the date of receipt of the invoice or the receipt of the material whichever is latest.

FOREIGN OBJECT DEBRIS (F.O.D.)

The Seller shall ensure that all parts supplied are free of any debris or foreign objects.

CONFLICT MINERALS

The Seller shall take all necessary measures to comply with the Conflict Minerals provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

EXCLUSION OF MERCURY

The supplies furnished under this contract shall contain no metallic mercury or mercury compounds and shall be free from mercury contamination, i.e., during the manufacturing process, tests, or inspections, the supplies offered shall not have come in direct contact with mercury or any of its compounds nor with any mercury containing devices employing only a single boundary or containment. (A single boundary of containment is one which is not backed by a second seal or barrier to prevent contamination in event of rupture of the primary seal or barrier.) Mercury contamination of the supplies will be cause for rejection of the material.

MERCURY FREE CONTAMINATION STATEMENT

All Material and/or processing certificates must warrant that the products on the order did not come into contact with mercury or any of its compounds, nor with any mercury containing devices.

By acceptance of this order, Seller covenants that:

- a. The supplies to be furnished under this contract will contain no metallic mercury or mercury compounds.
- b. Supplier will take reasonable steps to ensure that the supplies furnished under this contract are not contaminated with metallic mercury or mercury compounds.

This agreement is to be governed by the laws of the state of California.