

DIXON AUTOMATIC TOOL, INC. PURCHASE ORDER TERMS AND CONDITIONS

These Purchase Order Terms and Conditions are a part of any purchase order transmitted by Dixon Automatic Tool, Inc. ("Dixon") to the vendor named in the purchase order ("Seller").

ACCEPTANCE – ENTIRE AGREEMENT. Seller's acceptance of Dixon's purchase order, whether by acknowledgment, shipment or other performance, shall constitute Seller's agreement that the contract of sale between the parties is subject to and incorporates the terms and conditions set forth herein ("Terms"). Dixon's purchase order and these Terms shall constitute the entire agreement between the parties with respect to the subject matter thereof, superseding all prior and contemporaneous oral and written communications between the parties and may not be modified or rescinded except by a writing signed by Seller and Dixon. Dixon rejects, and shall not be bound by, any additional or different terms which may appear in Seller's quotations, acknowledgments, invoices, or other communications from Seller. The term "Products" as used herein means the goods, materials or services to be provided by Seller pursuant to the contract of sale formed between the parties.

WARRANTIES. All implied warranties under the Illinois Uniform Commercial Code with respect to the sale of goods shall apply to the Products and Seller's performance of Dixon's purchase order without any limitations or exclusions. Dixon shall be entitled to enforce all applicable remedies for breach of warranty in the event that the Products or any portion thereof shall fail to meet specifications, shall be defective in materials, workmanship or design, shall not be of merchantable quality, or shall not be fit for any particular purpose as described in Dixon's purchase order. If applicable, Dixon shall be entitled to incidental and consequential damages. Dixon also shall be entitled, at its option, to enforce any express warranty given by Seller with respect to the Products.

PACKAGING AND SHIPMENT. Seller shall make deliveries of all Products without charge for packaging, crating or storage, unless otherwise provided for in Dixon's purchase order. All Products are to be packed in accordance with good commercial practices and applicable federal and state regulations. Seller shall provide commercial bills of lading with each shipment and invoice.

TITLE AND RISK OF LOSS. Title to Products shall pass to Dixon only upon Dixon's acceptance of the Products. Risk of loss or damage shall remain with the Seller until (a) delivery to a common carrier if transportation is FOB Origin; or (b) delivery to Dixon at destination if transportation is FOB Destination, except that risk of loss or damage to Products that do not conform with the requirements of this purchase order shall remain with the Seller until cured and/or until Dixon's final acceptance. The FOB point shall be FOB Destination, unless otherwise specified in this purchase order.

INSPECTION OF PRODUCTS. All Products furnished by Seller shall be subject to Dixon's inspection and approval at any time prior to actual use thereof. Dixon shall have the right to reject any Products found to be not in conformance with its purchase order or applicable warranties. Dixon's payment for any Products received which subsequently are found not to be in conformance with the purchase order shall not prevent Dixon's rejection of the Products. Dixon shall give written notice to Seller of any rejected Products, and shall hold the Products at Seller's risk pending receipt of instructions with respect to return or disposal of the same. All costs of returning defective Products to Seller shall be borne by Seller. Replacement of the defective Products by Seller shall be subject to Dixon's prior written consent.

PAYMENT TERMS; TAXES. The payment terms set forth in Dixon's purchase order shall be controlling; if no such terms are stated, then all invoices issued by Seller shall be paid by Dixon net sixty (60) days from receipt of the Products (unless rejected as nonconforming). Dixon rejects and shall not be obligated to pay any interest or late payment charges claimed in Seller's invoices. Prices stated in the purchase order are net of any taxes. Seller shall pay any state and local taxes attributable to the transaction between the parties; Dixon shall furnish to Seller upon request any necessary tax exemption certificates.

TIME OF THE ESSENCE; DELAYS. Time is of the essence with respect to Seller's performance of Dixon's purchase orders in accordance with the delivery date or dates stated in the purchase order. If Seller is delayed in the delivery of the Products by a cause beyond its control, Seller must immediately, upon receiving knowledge of such delay, give written notice thereof to Dixon. Dixon shall give reasonable consideration to Seller's request for an extension of time. If Dixon determines that such extension cannot be granted, Dixon shall have the right to terminate the contract of sale between the parties by written notice given to Seller, and to purchase substitute items for the Products which Seller was unable to timely deliver. Seller shall pay to Dixon all costs incurred in obtaining substitute goods, including any difference in the price.

DIXON AUTOMATIC TOOL, INC. PURCHASE ORDER TERMS AND CONDITIONS (continued)

TERMINATION RIGHTS. Dixon may terminate any purchase order in the event of breach by Seller of its obligations under the purchase order, in which event Dixon shall be liable only for conforming Products delivered to Dixon prior to termination. Seller shall be liable to Dixon for all damages sustained by reason of the breach which gave rise to the termination. In addition, Dixon reserves the right to terminate the purchase order at any time for convenience and without cause, and upon receipt of notice of termination Seller immediately shall discontinue all work with respect to the Products. In the event of a termination by Buyer without cause, Seller shall be reimbursed for (a) the purchase order price for all Products or performed services which conform to the purchase order and are delivered to Dixon prior to the termination date, and (b) Seller's reasonable actual cost of work in process or raw materials which Seller produced or acquired in connection with such purchase order prior to the termination date and which Seller cannot reasonably use in its operations. Seller shall furnish any claim for reimbursement of costs within thirty (30) days after termination or any such claim shall be deemed to have been waived. In no event shall Dixon be liable for any lost profits, cancellation charges, or incidental or consequential damages attributable to the termination.

REGULATORY COMPLIANCE. Seller represents and warrants that the Products sold to Dixon (including all labels, packages and container for said goods) shall comply with all applicable federal, state and local laws, rules and regulations, including the Occupational Safety and Health Act as amended, with respect to design, construction, manufacture or intended use of the Products. Seller shall furnish any "Material Safety Data Sheets" applicable to the Products. Seller shall indemnify Dixon against any loss, cost, liability or damage arising out of Seller's violation of this paragraph.

PROPRIETARY INFORMATION – CONFIDENTIALITY. Seller shall treat all information furnished by Dixon in connection with the purchase order to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing its contract with Dixon, unless Seller obtains written permission to do so. This paragraph shall apply to any drawings, specifications, or other documents prepared by Seller relating to the Products which contain information furnished by Dixon.

PATENT INFRINGEMENT. Seller agrees to indemnify and hold harmless Dixon and its customers from and against all suits, claims and demands, and the costs and expenses thereof, for actual or alleged infringement of any letters patent by reason of Dixon's purchase, use or resale of the goods ordered. Dixon shall promptly notify Seller of any patent infringement claim and Seller will, at its sole expense, defend such claim.

INDEMNITY AGAINST PRODUCT LIABILITY CLAIMS. Seller shall indemnify, defend and hold harmless Dixon from and against any and all claims of third parties alleging injuries or damages caused by defects in the Products supplied by Seller to Dixon or arising out of the inherently dangerous condition of such Products, which indemnity shall apply to any causes of action, judgments, liabilities, damages, costs and expenses, including reasonable attorneys' fees incident to such third party claims.

ASSIGNMENT AND SUBCONTRACTING. The contract between Seller and Dixon based on Dixon's purchase order may not be assigned by Seller to a third party without Dixon's prior written consent. To the extent that Seller subcontracts any part of the work to a third party, Seller shall take appropriate steps to insure that the confidentiality of the information supplied by Dixon to Seller is maintained by the subcontractor.

GOVERNING LAW; DISPUTES. Dixon's purchase order and the resulting contract of sale between the parties shall be governed by, and construed in accordance with, the substantive laws of the State of Illinois, without regard to its conflicts of law principles. Any disputes between the parties shall be adjudicated in the federal court sitting in Rockford, Illinois, or if jurisdictional requirements cannot be met, then in the State of Illinois circuit court at such location.

DEFAULT AND REMEDIES. In the event of a default by Seller, Dixon shall have all of the remedies provided by applicable law. No waiver by Dixon of any specific default shall be construed as a continuing waiver of subsequent defaults of the same nature.