

**Tech-Max Machine, Inc.  
Purchase Agreement  
Terms and Conditions**

- 1. PURCHASE PRICE.** The purchase price specified on Buyer's Purchase Order is firm, F.O.B. Seller's location and includes packing and crating. By accepting final payment, Seller waives all claims against Buyer.
- 2. TERMS OF PAYMENT.** Terms of payment are as set forth in Buyer's Purchase Order.
- 3. TITLE/SECURITY INTEREST/RISK OF LOSS.** To secure Buyer's progress payments if any prior to shipment of the goods, title to and a first security interest in the goods, any work in progress and materials required for the execution of Seller's obligations hereunder, and in any work which Seller may subcontract in the support of its obligations hereunder, shall vest in Buyer to the extent Buyer has made progress payments hereunder. Although title to and a first security interest in the goods, any materials and work in progress shall vest in Buyer as work progresses, risk of loss for such goods shall be borne by Seller until goods are completed and handed over to common carrier for shipment.
- 4. TIME OF PERFORMANCE.** Buyer is relying upon Seller to perform its obligations in a timely manner in accordance with the schedule set forth in this agreement.
- 5. DELAYS.** The scheduled delivery date and the purchase price may also be subject to equitable adjustment as a result of the following events: (i) Buyer's failure to furnish Seller with any data, drawings, shipping instructions or change orders as required to the extent that such failure affects the Seller's critical path in meeting the scheduled delivery date; or (ii) changes to the schedule for convenience of Buyer or Buyer's customer, made in writing by Buyer. Seller will promptly notify Buyer of the occurrence of any such event setting forth the projected impact such event will have on the scheduled delivery date and/or purchase price and will give the Buyer a reasonable period to cure by Buyer within a reasonable period after event of any delay caused by any of the foregoing which has not been cured by Buyer within a reasonable period after notice, the scheduled delivery date and/or purchase price will be equitably adjusted, if required, as a result of the delay.
- 6. CHANGE ORDERS.** Buyer shall be entitled to make changes in the specifications for the goods. Seller shall accept any changes proposed by Buyer subject to the provisions of this paragraph as to adjustment in price or delivery schedule. If any such change causes a material increase or decrease in the cost of the goods or a material change in the delivery time, an equitable adjustment shall be made to the purchase price or delivery schedule or both. Any claim by Seller for an adjustment under the paragraph must be asserted within thirty (30) days from the date of receipt by Seller of the proposed change. No extra charges of any kind will be allowed unless agreed to in writing by Buyer.
- 7. WARRANTIES AND PERFORMANCE GUARANTEES.** Seller represents and warrants to Buyer that the goods will be free of any claim of any nature by any third party, and that Seller will convey clear title thereto to Buyer. Seller represents and warrants to Buyer that the goods will be of good and merchantable quality, free from defects in workmanship and materials and in strict accordance with the drawings, specifications,

and other requirements provided to Seller by Buyer. Goods that fail to meet the warranties set forth above within eighteen months from the date of final acceptance of the Buyer's customer or twenty-four months from the date of shipment whichever comes first shall be repaired or replaced promptly by Seller after Seller's receipt of notice from Buyer. Seller warrants all repairs or replacements performed pursuant to the warranty set forth herein for a period of twenty-four months from the completion date of such repair or replacement or the expiration of the warranty period whichever occurs later. Repair or replacement shall be initiated promptly and shall be pursued diligently and continuously to minimize the impact of such deficiencies on Buyer's customer's operations.

**8. INDEMNIFICATION.** To the fullest extent permitted by law, Seller shall defend, indemnify, and hold harmless Buyer, Buyer's customer and any affiliate of the foregoing, and their respective directors, officers, employees, partners, agents, successors and assigns, and anyone acting for or on behalf of such persons (collectively the 'Indemnitees'), from and against all claims, damages, losses, liabilities, and expenses (including, without limitation, court costs and reasonable attorneys', accountants', and other experts' fees and disbursements) resulting from injury to or death of persons, including, without limitation, officers, agents, and employees of the Indemnitees, from damage to or loss of property and from any for which any Indemnitee becomes liable, caused by or arising out of Seller's fault or negligent acts or omissions.

**9. DEFAULT AND TERMINATION.** The following shall constitute an event of default hereunder: (i) Seller fails in any material respect to perform any of its obligations within the time specified in this agreement and Seller does not cure such failure within thirty (30) days after notice by Buyer; or (ii) Seller ceases to conduct its operations in the normal course of business; or (iii) Seller commences a voluntary case or proceeding under any applicable Federal or State bankruptcy law or consents to the entry of a decree or order for relief in an involuntary case or proceeding against it. Upon the occurrence of an event of default which is continuing, Buyer may, at its option: (i) terminate its order for the goods in whole or in part without liability and in which case Buyer shall be entitled to a refund of all amounts previously paid to Seller under this agreement; (ii) procure, upon such terms as Buyer deems appropriate, similar goods in which case Seller shall be liable to Buyer for any additional costs for such similar equipment (up to a maximum liability equal to the purchase price of the goods); or (iii) extend the time of performance by Seller or waive other deficiencies in Seller's performance in which case an equitable reduction in the price for the goods shall be mutually agreed. Without limiting any rights or remedies which Buyer may have in the event of any default of performance by Seller, Buyer shall have the right upon ten (10) days prior written notice to Seller, to terminate this agreement at any time and without cause prior to completion. Such termination shall be without any obligation or liability to Seller other than payment of charges for the value of work performed, and for necessary expenditures which can be established by Seller as having been reasonably incurred prior to the time that notice of cancellation is given. In no event shall the termination charges exceed the purchase price of the goods. Any progress payments shall be credited against the amount of such charges, and in the event the payments exceed the charges, the excess shall be returned to the Buyer. In the event of any termination, Buyer shall be entitled to all materials, work in progress, and completed work included as value of work performed.

**10. INSPECTION.** Seller shall give Buyer not less than ten (10) days written notice of all inspections and tests to be performed by or on behalf of Seller and will permit Buyer to witness all such inspections or tests. Seller shall not be required to change its schedule to accommodate Buyer, provided Seller shall have given the

above notice to Buyer. Seller shall provide a quality and inspection system acceptable to Buyer and sufficient to cover the goods. Records of all inspection work by Seller shall be kept complete and available to Buyer during the period of performance by Seller of its obligations under this agreement.

**11. INSURANCE.** Without limiting any of the other obligations or liabilities of Seller, Seller shall, to the extent provided for herein and until final acceptance by the Buyer's customer of the goods, provide and maintain minimum insurance coverage as follows:

TYPE OF COVERAGE	LIMITS
A. (1) Worker's Compensation Statutory	
(2) Employer's Liability	\$1,000,000 each occurrence,
B. Commercial General Liability	\$1,000,000 each occurrence
C. Bodily Injury Property Damage	\$2,000,000 aggregate
D. Comprehensive Automobile Liability	\$1,000,000 each occurrence
E. Excess Liability in excess of Coverage in	\$4,000,000

A, B, and C exclusive of Worker's Compensation

All policies of insurance maintained by Seller hereunder shall be primary, in a form acceptable to Buyer and shall be issued by insurance companies acceptable to Buyer licensed in the State where the obligations under this agreement will be performed. For a period of eighteen months after the date of final acceptance by Buyer's customer shall include Buyer as additional insured. Seller hereby releases and waives all rights of subrogation against Buyer possessed by Seller's insurers and Seller hereby represents that it is authorized by its insurers to grant such release and waiver. The insurance certificates shall recite this release and waiver of subrogation. All policies of insurance maintained by Seller hereunder shall (i) require thirty (30) days prior written notice to buyer of cancellation, nonrenewal, or material change in coverage and (ii) provide that, in the event of any loss payment under a policy, the insurer shall waive any rights to subrogation against all insureds and shall waive and setoff or counterclaim or any other deduction whether by attachment or otherwise. Seller shall arrange with the insurance carriers to furnish Buyer within ten (10) business days of Seller's execution of this agreement with a completed Accord Certificate of Insurance Form or its equivalent, indicating that the required coverages are in force and will not be cancelled or changed until thirty (30) days after a written notice is given to Buyer.

**12. TAXES.** The purchase price for the goods excludes all state or local sales or use taxes that may apply to the purchase or use of the goods. Any applicable sales and use taxes related to the materials or components transferred and/or labor performed pursuant to this agreement shall be responsibility of Buyer. Buyer shall issue Seller upon request, an exemption certificate if applicable.

- 13. CONFIDENTIAL INFORMATION.** Seller shall treat as confidential all specifications, drawings, blueprints, and other information supplied by Buyer or Buyer's customer or obtained by Seller as a result of performance under this agreement unless such is in the public domain. Seller agrees that no acknowledgement or other information concerning the goods, or the existence of this agreement will be made public without the prior written agreement of Buyer except as may be required by law.
- 14. FORCE MAJEURE.** Neither party shall be responsible for any delay in performing any of its obligations hereunder due to causes beyond its reasonable control, without fault on its part, and which by the exercise of reasonable diligence could not have been foreseen or avoided. Such causes may include, without limitation, acts of God, fire, explosions, flood, military authority, governmental regulation or judicial action, embargoes, or civil riot or insurrection. Despite the aforementioned, no party will be relieved of its obligations for more than two (2) consecutive months or four (4) months in the aggregate. Buyer and Seller agree that, without limiting the general nature of the foregoing, force majeure shall not include among other things (i) the bankruptcy, insolvency, financial difficulty or similar event of any person; (ii) shortages of labor of Seller or any subcontractor, materials, equipment, industrial strikes, or loss or decrease in labor productivity; (iii) the failure or delay of subcontractors (other than for delays due to force majeure); or (iv) increased cost of labor, materials, or equipment. Each party shall advise the other as soon as reasonably possible about any threatened or existing circumstances that may result in a failure or delay in performance. Upon the cessation of any such cause operating to excuse performance by either party, this agreement shall continue in effect until otherwise terminated. If any one or more causes are asserted in good faith by either party as a basis for nonperformance for a consecutive period of ninety (90) days, either party shall have the right to terminate such order forthwith by giving notice to the other to that effect.
- 15. GOVERNING LAW.** This agreement is deemed to be made under and shall be governed and construed according to the laws of the State of Illinois without regard to the conflict of laws principals thereof.
- 16. WAIVER.** No waiver shall be effective unless in writing and signed by an authorized representative of the party making such waiver. No failure or successive failure by either party to enforce any covenant or agreement, and no waiver or successive waivers by either party of any condition of this agreement, shall operate as a discharge of such covenant, agreement or conditions, or render the same invalid or impair either parties right to enforce the same in the event of any subsequent breach by the other party.
- 17. COMPLIANCE WITH LAWS.** Seller agrees to comply with the provisions of any federal, state, or local ordinance, order, rule and regulation applicable hereto or to the transactions contemplated hereby, as well as any provision, representation, agreement or contractual clause required thereby to be included in or incorporated by reference or operation of law in this agreement including without limitation, those dealing with Equal Employment Opportunity, Employment of Veterans, Employment of the Handicapped, Employment Discrimination Because of Age, Utilization of Disadvantaged Business Enterprises, Utilization of Women-Owned Business Concerns (Executive Order 12138), and the related Acts and Executive Orders as now or hereafter amended or codified. Seller represents and warrants that the goods will be produced in compliance with requirements of the Fair Labor Standards Act of 1938 as amended.

- 18. SEVERABILITY.** If any provision of this agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the remaining provisions shall continue to be valid and enforceable. Such provision shall continue to be valid and enforceable in any other jurisdiction.
- 19. ENTIRE AGREEMENT.** This agreement and all exhibits, schedules, attachments, and the like referred to herein constitute the entire agreement between the parties hereto, and fully supersedes all prior agreements and understandings between the parties pertaining to the subject matter hereof. The terms of this agreement may not be varied, supplemented or amended by any document, conduct, prior representation, course of dealing or usage of trade, unless made in writing and signed by an authorized representative of Seller and Buyer.