

STANDARD TERMS AND CONDITIONS OF PURCHASE

1. Terms of Agreement. These Standard Terms and Conditions of Purchase shall be made a part of and incorporated into each purchase order issued by Cannon Equipment ("Buyer") (the "Purchase Order"), and the Purchase Order is subject to these terms and conditions. Any reference herein to the Purchase Order shall include these Standard Terms and Conditions of Purchase. No waiver, alteration, or modification of the terms and conditions set forth herein shall be valid unless expressly agreed to in writing by Buyer. Any different, additional or conflicting terms or conditions set forth in Seller's invoice or any other document issued by Seller are expressly objected to by Buyer and the terms and conditions set forth herein shall exclusively govern the purchase and sale of the goods covered by the Purchase Order. The Purchase Order is accepted by Seller upon Seller's written acceptance or its delivery of goods pursuant to the Purchase Order.
2. Delivery Terms.
 - 2.1. If delivery of goods is not made in the quantities and/or at the time(s) specified in the Purchase Order, Buyer reserves the right, without liability to take either or both of the following actions: (a) direct expedited routings of goods (the difference in cost between the expedited routing and the order routing costs shall be paid by the party selling the goods and any related services pursuant to the Purchase Order ("Seller")); (b) cancel this order or balance by notice effective when delivered to Seller; to purchase substitute goods elsewhere and charge Seller with any loss incurred, including the difference between the cost of substitute goods and the goods that would have been provided by Seller.
 - 2.2. Seller shall use the means of delivery and the carrier specified and set forth by Buyer in the Purchase Order. All deliveries of goods ordered by Buyer shall be FOB destination as specified in the Purchase Order unless otherwise mutually agreed by Buyer and Seller, with all title and risk of loss passing to Buyer when the goods are offloaded by the carrier specified by the Buyer at the delivery point specified in the Purchase Order. Prior to delivery at the shipping point, Seller will insure all goods at Seller's sole risk and expense.
 - 2.3. Each shipment of goods shall include separate packing slips showing: (a) Buyers' Purchase Order number; (b) Buyer's part number and revision level for each goods shipped, if applicable; (c) a description of the goods; (d) individual serial numbers of the goods, if applicable; and (e) the total quantity of goods shipped.
 - 2.4. Buyer will have no liability for payment of goods delivered to Buyer in excess of quantities specified in the Purchase Order or prior to the delivery schedule specified. Such goods may be subject to rejection and returned at Seller's expense, including transportation charges both ways. Buyer will not be liable for any material or production costs incurred in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedules.
 - 2.5. Seller shall package the goods in a manner that will prevent damage during shipping and ship the goods in accordance with Buyer's instructions. Seller shall be liable for any loss or damage incurred as a result of improper packaging, crating and/or routing, including additional transportation costs due to improper routing.
3. Prices. If a price is not stated in the Purchase Order, Buyer and Seller agree that the goods shall be billed at the lesser of (a) the price last quoted to Buyer by Seller and (b) Seller's prevailing customary market price. The Purchase Order may not be filled at a price higher than that which was last quoted or charged to Buyer without Buyer's specific written authorization. Buyer shall not be charged for taxes, transportation, boxing, packing or returnable containers in connection with the Purchase Order, unless such charges have been previously specifically agreed to in writing by Buyer. All sales, use, excise and similar taxes to be paid by Buyer, if any, must be itemized separately on the applicable corresponding invoice.
4. Seller's Warranties.
 - 4.1. AN EXPRESS WARRANTY FROM SELLER IS CREATED BY ANY AFFIRMATION OF FACT OR PROMISE MADE BY SELLER WHICH BECOMES PART OF THE BASIS BY WHICH THE AGREEMENT RELATING TO THE GOODS WAS MADE. ANY SAMPLE OR MODEL PROVIDED BY

SELLER AS A BASIS FOR AN AGREEMENT BETWEEN THE PARTIES CREATES AN EXPRESS WARRANTY THAT THE GOODS SHALL CONFORM TO THE PROVIDED SAMPLE OR MODEL. AN IMPLIED WARRANTY THAT THE GOODS SHALL BE FIT FOR A PARTICULAR PURPOSE EXISTS WHERE SELLER HAS REASON TO KNOW OF SUCH PARTICULAR PURPOSE AND HAS ASSIGNED IN SELECTION AND/OR APPROVAL OF ITS USE FOR A PARTICULAR PURPOSE.

- 4.2. WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE EXIST BETWEEN THE TWO PARTIES, WITHOUT LIMITATIONS, AS SET FORTH AND DESCRIBED IN SECTION 5 BELOW. ANY EXPENSES, CHARGES OR LIABILITY ASSOCIATED WITH DEFECTIVE PRODUCT IN CASES OF ABOVE STATED WARRANTIES WILL BE BORNE BY SELLER. IN CASES WHERE A DESIGN CHANGE IS MADE TO AN EXISTING APPROVED PRODUCT WITHOUT KNOWLEDGE AND CONSENT BY BUYER, SELLER WILL BE ACCOUNTABLE FOR ANY INCREMENTAL CHARGES INCURRED. SELLER ABIDES BY THE WARRANTY OF MERCHANTABILITY, WHEREBY SELLER HAS OBLIGATION TO RELAY KNOWLEDGE AND SAMPLE OF REVISED PRODUCT FOR LAB TESTING TO BUYER FOR APPROVAL(S), AS APPLICABLE. WHERE PERFORMANCE SPECIFICATIONS HAVE BEEN THE BASIS FOR PRODUCT DEVELOPMENT, SELLER IS LIABLE FOR ANY AND ALL WARRANTY ISSUES REGARDING FITNESS FOR USE IN BUYER'S PRODUCT.
- 4.3. SELLER WILL BEAR RISK OF INCIDENTAL AND CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE OR LOSS OF MARKET SHARE RESULTING FROM SELLER'S BREACH OF PERFORMANCE. BUYER MAY RECOVER FROM SELLER THE DIFFERENCE BETWEEN THE COST OF COVER OR CHARGES INCURRED FOR SUBSTITUTE GOODS AND THE CONTRACT PRICE.
- 4.4. SELLER AGREES TO INDEMNIFY, DEFEND (AT BUYER'S REQUEST), PROTECT AND HOLD HARMLESS BUYER FROM AND AGAINST ALL (A) CLAIMS AND LIABILITIES OF THIRD PARTIES INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES, ARISING IN CONNECTION WITH OR RESULTING FROM A MATERIAL BREACH BY SELLER, OR ITS EMPLOYEES, REPRESENTATIVES OR OTHER AGENTS, OF SELLER'S OBLIGATIONS OR REPRESENTATIONS SET FORTH HEREIN; (B) PERSONAL INJURIES, PROPERTY DAMAGES, COMMERCIAL OR ECONOMIC LOSSES, INCLUDING, WITHOUT LIMITATION, ALL INCIDENTAL AND CONSEQUENTIAL DAMAGES, ARISING IN CONNECTION WITH SELLER'S PERFORMANCE HEREUNDER OR UNDER THE PURCHASE ORDER, OR CONTRIBUTED TO BY GOODS OR ITEMS FURNISHED BY SELLER TO BUYER IN CONNECTION HERewith OR WITH THE PURCHASE ORDER; AND (C) CLAIMS (INCLUDING DIRECT AND THIRD PARTY CLAIMS) AND LIABILITIES RESULTING FROM THE ACTS OR OMISSIONS OF SELLER, ITS AGENTS, OR EMPLOYEES IN CONNECTION WITH ITS PERFORMANCE HEREUNDER OR UNDER THE PURCHASE ORDER.
- 4.5. SELLER AGREES TO SECURE AND MAINTAIN ADEQUATE INSURANCE WITH REPUTABLE INSURERS COVERAGE FOR THE PROTECTION OF BUYER IN ACCORDANCE WITH THIS SECTION 4. SELLER WILL NAME BUYER AS AN ADDITIONAL INSURED UNDER ITS INSURANCE POLICIES FOR THE SERVICES OR GOODS PROVIDED UNDER THE PURCHASE ORDER.
5. Specifications. Seller hereby warrants that Seller will supply or manufacture the goods in accordance with the specifications, if any, provided by Buyer, and that such goods will be (a) free from defects in material and/or workmanship, (b) merchantable and fit for the particular purpose for which such goods were intended; and the parties hereby agree that this warranty shall survive the delivery, inspection and acceptance of, and payment for, the goods. All goods rejected by Buyer shall be returned to Seller for full credit at the price charged, plus transportation charges. Buyer, in its sole discretion, may require Seller to replace rejected goods at the purchase price stipulated in the original Purchase Order. Buyer may, in its sole discretion, accept a part of any shipment that fulfills Buyer's specifications, and reject any part that does not fulfill such specifications, and consider the order breached to the extent of the amount of the rejected goods. Seller will not make any changes in such specifications or make any changes in any components or processes used in manufacturing the goods previously agreed to by Buyer without Buyer's prior written consent.
6. Inspection and Acceptance. Payment for any goods under this contract shall not constitute acceptance. All goods purchased hereunder are subject to inspection at Buyer's destination either before or after payment or before or after acceptance at Buyer's option. Buyer reserves the right to reject and refuse acceptance of goods which are not in accordance with the instructions, specifications, drawings, or data as furnished to Seller before or during the Purchase Order process. Items not accepted or goods whose acceptance is revoked will be returned to Seller for full credit or replacement at Buyer's option and at Seller's risk and expense, including

transportation charges both ways; provided, however, that such goods may be held at Buyer's discretion for Seller's instructions and stored at Seller's risk. If within 48 hours after receipt of notice of rejection or revocation of acceptance, Seller gives no instructions for the disposition of the goods, Buyer may, at its discretion, return for full credit at Seller's expense. Seller shall not replace rejected goods or goods whose acceptance has been revoked unless specified by Buyer. Buyer shall not be liable for failure to accept any part of the goods if such failure is the result of any cause beyond the control of Buyer. Such causes include, but are not limited to, fires, floods, acts of God, strikes, differences with employees, casualties, delays in transportation, or total or partial shutdown of Buyer's plant for any cause.

7. Invoices. Seller's invoices shall, at a minimum, include: (a) Buyer's Purchase Order number, against which the goods were shipped; (b) the date of shipment; (c) Buyer's part number and revision level for each of the goods shipped, if applicable; (d) a description of the goods; (e) the total quantity of goods shipped; (f) the per unit price of the goods shipped; (g) the amount of taxes, if any; and (h) the total invoice price. Unless otherwise specified on the Purchase Order, payment terms are net 60 days from Buyer's receipt of a valid Seller invoice.
8. Confidential Information. Seller acknowledges and agrees that any specifications and all related writings, drawings, designs and similar works provided to Seller by Buyer shall be deemed "Confidential Information." Seller further acknowledges and agrees that any other information which is disclosed by Buyer in any tangible form and is clearly labeled or marked as confidential, proprietary or its equivalent, or information which is disclosed orally or visually, is designated confidential, proprietary or its equivalent at the time of its disclosure and is reduced to writing and clearly marked or labeled as confidential, proprietary or its equivalent within 30 days of disclosure shall be deemed "Confidential Information." All Confidential Information shall be the exclusive property of Buyer, and Buyer retains all right, title and interest, including copyright, relating to "Confidential Information." Seller agrees not to use any Confidential Information for any purpose other than as permitted or required for performance by Seller under the Purchase Order and not to disclose or provide any Confidential Information to any third party and to take all necessary measures to prevent any such disclosure by its employees, agents, contractors or consultants. Upon request of Buyer or completion of the Purchase Order, Seller shall return all such Confidential Information to Buyer and shall certify to Buyer that it has returned all such Confidential Information. The return of Confidential Information shall be complete in every respect, so as to permit an experienced manufacturer to manufacture, assemble, maintain and service the goods and shall include a full drawing package in reproducible form and any revisions or updates, including but not limited to, Autocad files, fabrication drawings, approved supplier list, test specifications, tooling specifications and drawings, manufacturing assembly instructions, routings, quality assurance protocols, test equipment, specifications and drawings and engineering change notice history.
9. Ownership of Tooling and other Material/Equipment. All jigs, dies, fixtures, special cutting tools, special gauges, special test equipment, computer programs, patterns, other special equipment and manufacturing aids and drawings and any replacements of the foregoing, ("Equipment") furnished to Seller by Buyer or specifically paid by or created by Seller for Buyer be and remain the property of Buyer. Seller will provide separate and distinct storage for any such Equipment and maintain an appropriate marking on the same and on the separate storage area to clearly and permanently identify Buyer as the owner. Such Equipment while in Seller's custody or control, will be maintained in good working condition, reasonable wear and tear excepted, by Seller at Seller's expense, held at Seller's sole risk and will be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Such Equipment will be delivered in good working condition, reasonable wear and tear excepted, to Buyer immediately upon request by Buyer. Buyer shall also have the right to enter Seller's facility without notice during Seller's normal business hours and remove or repossess the Equipment without cost or expense to Buyer. Equipment shall not be disposed of without prior written approval by Buyer. No use of Buyer's Equipment shall be permitted without prior written approval by Buyer. Seller shall not publish or display Buyer's product manufactured by Buyer's Equipment, without prior written approval by Buyer.
10. Termination.
 - 10.1. Buyer may, by notice in writing to Seller, terminate the Purchase Order or work thereunder, in whole or in part, at any time and such termination shall not constitute default. In such event, Buyer will pay Seller contract price for finished goods covered by this agreement held in Seller's inventory provided product is completed to specifications and accepted by Buyer. Buyer will reimburse Seller verifiable costs associated with components in manufacture of incomplete Buyer's proprietary products covered by this agreement.
 - 10.2. Buyer shall have the right to cancel for default all or any part of the Purchase Order upon the occurrence of any of the following events: (a) Seller does not make deliveries or furnish services according to the

terms specified, (b) Seller repudiates this contract, (c) Buyer rightfully rejects or revokes acceptance, (d) Seller breaches any of the terms hereof including warranties of Seller, (e) Seller makes an arrangement, extension or assignment for the benefit of creditors, (f) Seller dissolves or otherwise ceases to exist or liquidates all or substantially all of its assets, (g) Seller becomes insolvent or generally does not pay its debts as they become due or (h) Seller is adjudicated as bankrupt or files a voluntary petition in bankruptcy. Buyer may, at its option, request that Seller provide adequate written assurance of future performance pursuant to the Uniform Commercial Code as enacted in the State of Minnesota. In such a case, Seller must provide said written assurance of performance within 10 days of Buyer's written request (excluding the date of mailing). This right of cancellation and the right to request an adequate written assurance of future performance are in addition to and not in lieu of any other remedies which Buyer may have in law or equity.

11. Intellectual Property Infringement Indemnity. Seller warrants the goods purchased hereunder do not infringe upon any patent, trademark, service mark, trade name, copyright or other similar third party intellectual property right and covenants and agrees to defend (at Buyer's request) and hold harmless Buyer, its customers, agents and subsequent owners from any claim that any product or article sold by Seller hereunder (except goods specifically of Buyer's design), infringes any letters, patent, copyright or trademark, or from any claim of unfair competition, by reason of its use or sale by Buyer, its customers or agents. Seller further agrees to indemnify (and as incurred, reimburse) Buyer against any and all expense, loss, royalties, profits and damages, including court costs, attorneys' fees and reasonable value of time expended by Buyer's employees (as determined by Buyer in its sole discretion), in connection with or resulting from such suit or proceedings, including, without limitation, any settlement or decree of judgment therein. Seller's obligations hereunder survive acceptance of goods and payment delivered by Buyer.
12. Arbitration. Any controversy or claim arising out of or relating to these Terms and Conditions or the Purchase Order, or the making, performance or interpretation thereof, including without limitation alleged fraudulent inducement thereof, shall be settled by binding arbitration in Minneapolis, Minnesota by one arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any arbitration award may be entered in any court having jurisdiction thereof.
13. Changes. Buyer reserves the right at any time to make written changes in any one or more of the following: (a) specifications, drawings and data incorporated in this contract where the items to be furnished are to be specially manufactured for Buyer; (b) methods of shipment or packing; (c) place of delivery; (d) time of delivery; (e) manner of delivery; or (f) quantities.
14. Notices. Notices and communications under the Purchase Order shall be deemed given to either party at the address set forth on the Purchase Order (includes any electronic address, if so provided on the Purchase Order): (a) upon the expiration of 5 business days after the date of deposit in the U.S. mail if sent by registered mail, return receipt requested; (b) upon the next business day if sent by recognized overnight supplemental delivery service; (c) the same business date if notice is delivered personally; or (d) upon electronic confirmation of transmission if sent by facsimile or electronic mail.
15. Assignment. Seller may not assign, transfer or subcontract the Purchase Order or any interest herein or any rights or duties hereunder without the prior written consent of Buyer.
16. Force Majeure. Neither party shall be liable in damages for any failure due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine restrictions, strikes, or freight embargoes.
17. Governing Law. The Purchase Order shall be interpreted and construed in accordance with the laws of the State of Minnesota.
18. Affiliates. Any right, cause of action claim for relief or remedy granted to Buyer herein shall extend without exception to any entity that controls, is controlled by, or is under common control with Buyer.
19. Entire Agreement. These Terms and Conditions and the Purchase Order attached hereto, including all attachments hereto and thereto and specifications set forth herein and therein, constitute the complete and final agreement between the parties and supersede all prior negotiations and agreements between the parties concerning the subject matter hereof and thereof.
20. Fair Labor Standards Act. Seller agrees that all goods purchased hereunder will be produced in compliance with the Fair Labor Standards Act.

21. Compliance with Applicable Law and Responsible Business Practices. Seller represents that the goods purchased hereunder were manufactured and priced and are being sold in compliance with all applicable federal, state, and local laws, rules and regulations. Seller acknowledges that Buyer has a code of responsible business. Seller shall, at all times, conduct, and cause its officers, directors, employees and/or agents to conduct, business ethically and in accordance with Applicable Laws and Responsible Business Practices. Responsible Business Practices include but are not limited to 1) No forced, bonded or involuntary labor will be used by the Seller; 2) No children are to be employed by the Seller; 3) Employees of the Seller shall be paid wages and benefits for a standard working week that meet or exceed minimum national requirements; 3) Employees of the Seller shall work hours that comply with national laws; 4) Seller shall protect the health and safety of their employees to standards in keeping with local expectations of good practice; 5) Seller shall protect the environment to standards in keeping with local expectations of good practice. This Section 21 shall apply whether or nor Seller is acting pursuant to a Purchase Order or otherwise in its relationship with Buyer. Seller agrees that it must be able to demonstrate its compliance with the requirements referred to in this Section 21 at the request of and to the satisfaction of Buyer which includes, but is not limited to, Buyer having the right to inspect any site involved in work for Buyer. If Seller fails to comply with this Section 21, Buyer shall be entitled, in its sole discretion, to terminate the Purchase Order or other agreements between Seller and Buyer without penalty to Buyer, but with obligations for Seller to remedy any damages suffered by Buyer as a result of such termination or as a result of the breach of the Purchase Order by Seller.
22. Independent Contractors. The relationship of Buyer and Seller under these Terms and Conditions and those set forth in the attached Purchase Order is one of independent contractors. Nothing in the Purchase Order or these Terms and Conditions shall be interpreted as authorizing either party to bind the other, to incur any liability on behalf of the other, or to act as an agent for the other.
23. Survival. All provisions herein or in the attached Purchase Order regarding warranty, indemnification, confidentiality, liability and limits thereon, or other provisions that survive by their terms, will survive any termination or expiration of the attached Purchase Order.
24. Severability. In the event that any provision of these Terms and Conditions is held to be illegal, invalid or unenforceable under any present or future law, rule or regulation, such provision shall be deemed stricken from these Terms and Conditions, but such illegality, invalidity or unenforceability shall not invalidate any of the other provisions of these Terms and Conditions and the remainder of these Terms and Conditions shall continue in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from these Terms and Conditions. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of these Terms and Conditions a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.
25. In accordance with the regulations issued pursuant to executive order 13496 (74 FR 6107, Feb 4, 2009), this quote hereby expressly incorporates by reference the notice clause in 29 CR part 471, appendix A to subpart A.