

Terms and Conditions of Purchase

OFFER AND ACCEPTANCE; ENTIRE AGREEMENT

Unless specific reference is made on the purchase order to an offer by the Seller, this purchase order constitutes an offer by Nott Company ("Buyer") to purchase the goods and/or services described at the price(s) indicated and subject to the terms and conditions set forth on both sides of this document (the "Purchase Terms"). Such offer is not a firm offer, and it may be revoked by Buyer at any time prior to acceptance by the Seller. Seller's written acceptance, shipment of part or all of the subject goods, or commencement of any other performance shall be deemed to be Buyer's acceptance of such offer on the basis of the Purchase Terms. If specific reference is made herein to an offer by the Seller, this purchase order constitutes an acceptance of such offer strictly on the basis of the Purchase Terms. Any different, additional or inconsistent terms and conditions contained in Seller's offer, acceptance, acknowledgment or other documents are hereby objected to and rejected and, unless specifically accepted in writing by an authorized representative of Buyer, shall not be binding on or effective against Buyer. Buyer's acceptance of the subject goods and/or services shall not be deemed to constitute an assent to any such terms and conditions. The contract formed in accordance with this paragraph (the "Agreement"), having the terms and conditions defined herein, embodies the entire agreement of the parties in relation to the subject matter hereof. It takes the place of all prior understandings, communications and representations between the parties, oral or written. No amendment to this Agreement will be effective unless in writing and signed by an authorized officer or general manager of Nott.

PURCHASE PRICE AND PAYMENT

Unless otherwise agreed in writing by Nott, the purchase price set forth on the purchase order is a maximum price and is not subject to increase for any reason, including increased prices of the Seller's manufacturers or suppliers. The purchase price shall be reduced in accordance with any aggregate purchase breaks or other discounts to which Buyer is entitled. If no price is stated on the purchase order hereof, the price shall be the lowest prevailing price to purchasers in Buyer's market category. Unless otherwise indicated on the purchase order side hereof, Buyer shall pay for the goods by check within a commercially reasonable period after delivery and acceptance of the goods.

DELIVERY

Time is of the essence for the Agreement arising out of this purchase order. Delivery of the goods shall be F.O.B. at the location and on the date(s) specified on the reverse side hereof, or on such other date(s) thereafter as Buyer may hereafter specify. Within ten days after learning that it is unable to deliver all or any part of the goods and/or services on the date(s) required hereunder, Seller shall inform Buyer of such inability, and Buyer shall have the right at any time thereafter to cancel all or any part of the Agreement and to effect cover.

PACKAGING AND SHIPPING

All goods shall be suitably packed, marked, tagged and shipped in a manner to secure the lowest transportation cost and in accordance with the requirements of common carriers, applicable laws and regulations, and the instruction provided by Buyer. Damage to any material not so packed will be charged to Seller. No charge shall be made by Seller for packing, boxing, drayage or storage unless otherwise stated herein. Packing slips without prices must accompany each shipment. Any goods shipped by parcel post must be insured for face value. Buyer's count will be accepted as final and conclusive on all shipments not accompanied by packing slips.

SPECIFICATIONS AND INSPECTION

All goods must conform precisely to drawings and specifications furnished by Buyer and to the material dimensions and tolerances set forth therein. Buyer or its customers or their agents may inspect the goods before accepting delivery and before paying for the goods, during business hours at Seller's place of business, or at the place to which Seller is to ship the goods, or at the place at which any sub-purchaser from Buyer is to accept the goods, or at any other reasonable place designated by Buyer. Buyer's payment of all or any part of the purchase price of the goods prior to inspection shall not constitute a waiver of Buyer's right to reject nonconforming goods. Buyer reserves the right to refuse any goods and to cancel all or any part of the Agreement with respect to goods not conforming to applicable specifications, drawings, samples or descriptions. Acceptance of any part of the order shall not bind Buyer to accept future shipments, or deprive Buyer of the right to return goods already accepted or the right to make any claim for damages, including manufacturing costs, lost profits, and/or other special damages. Such rights shall be in addition to any other remedies provided by law.

IDENTIFICATION; RISK OF LOSS; TITLE

Identification of goods shall occur upon formation of the agreement. Risk of loss of and title to the goods shall pass to Buyer, free of any security interest or other encumbrance, when the goods are accepted by Buyer.

WARRANTIES; REMEDIES; GOVERNING LAW

Seller warrants that all goods furnished hereunder shall be merchantable and free from any defects in material or workmanship, shall conform to all specifications and requirements provided by Buyer, and shall comply with all applicable laws and regulations. Seller also warrants that, if it knows or has reason to know the intended use of all or part of the goods, such goods will be suited and appropriate for such use. Seller further warrants that all services provided hereunder will be performed in a workmanlike manner and in accordance with all applicable laws, regulations, codes, and standards. Seller shall extend all warranties it receives from its vendors to Buyer and Seller's warranties shall extend to Buyer's customers. The foregoing warranties are in addition to all warranties available under the law. Any attempt by Seller to disclaim any implied warranty of merchantability or fitness for a particular purpose, to alter the measure of damages for Seller's breach of any of its obligations to Buyer, to require arbitration, to reduce the period of limitation of actions brought by Buyer, or to waive Buyer's defenses and setoffs against any assignee shall be ineffective. Buyer shall have all remedies afforded by the Uniform Commercial Code, as adopted in the State of Minnesota, which shall be applicable to and shall govern this entire order and any Agreement resulting from it. Seller acknowledges that any defect in the goods or services provided hereunder may occasion special damage to the Buyer. All warranties shall survive any delivery to or inspection, acceptance or payment by Buyer of the goods or services.

CHANGE ORDERS

Buyer may from time to time require changes to this purchase order by instructing to Seller in a written change order, notice, wire, facsimile transmission, or letter from Buyer's Purchasing Department. Seller shall notify Buyer's Purchasing Department in writing within seven days of receipt of such change order, notice, wire, facsimile transmission, or letter if Seller desires any adjustment in the price and/or time of performance of this purchase order on account of the change order. Failure of Seller to give such notice shall constitute acceptance by Seller of the terms of the change order and Seller's agreement to fill the order as changed without adjustment in price or delivery dates.

TERMINATION AND CANCELLATION

(a) *Force Majeure*. This purchase order may be terminated by Buyer at any time prior to delivery in whole or in part if its business is interrupted by strikes, labor disputes of any nature, shortages of materials or labor, earthquakes, floods, storms, lightning, war, fire, sabotage, riot, lockout, Act of God or of the public enemy, government regulations or restrictions, or any other cause beyond the reasonable control of Buyer. Whenever any event of force majeure delays or threatens to delay the timely performance of this purchase order, Seller shall immediately give notice thereof to Buyer. (b) *Termination for convenience*. Buyer reserves the right to terminate this order or any part thereof for its sole convenience by giving written notice of such termination to Seller. In the event of such termination, Seller will immediately stop all work hereunder and will immediately cause any of its suppliers or subcontractors to cease such work. Seller will be entitled to reasonable termination charges consisting of a percentage of the order price reflecting the percentage of the work performed prior to termination, plus any direct costs unavoidably incurred as a result of the termination. (c) *Cancellation for cause*. Buyer may cancel this order or any part hereof in the event of any default by Seller, or if the Seller fails to comply with any material Terms and Conditions of this order. In the event of cancellation for cause, Buyer will not be liable to Seller for any amount, and Seller will be liable to Buyer for all reasonable foreseeable damages sustained by reason of the default that gave rise to the termination. Nothing in this paragraph will be construed to limit Buyer's rights under any applicable law.

INDEMNITIES

Seller hereby agrees to indemnify and hold Buyer harmless against any and all liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by Buyer (1) by reason of the failure of the goods or services to be warranted, (2) by reason of any defect or negligence in the design, manufacture, or marketing of the goods supplied hereunder, (3) in connection with actual or alleged infringement of patents, trademarks, or copyrights, or for unfair competition with respect to goods and/or services provided hereunder; and/or (4) as result of Seller's breach of this Agreement. Such indemnities will survive acceptance of the goods and/or services and payment therefore by Buyer. IN NO EVENT WILL NOTT BE LIABLE TO INDEMNIFY OR TO HOLD PURCHASER HARMLESS AGAINST ANY FORM OF LIABILITY.

INSURANCE

Seller agrees to carry public liability, worker's compensation, and property damage insurance in amounts satisfactory to Buyer, and to furnish Buyer with evidence of such insurance upon request.

REGULATORY AND LEGAL COMPLIANCE

In accepting this order, Seller warrants and certifies that all goods covered hereby, and every part and ingredient thereof, are sold and were or will be produced under terms and conditions which comply with all applicable laws and regulations, including but not limited to the Robinson-Patman Act and the Fair Labor Standards Act of 1938, as amended. Seller is on notice that the goods and/or services sold hereunder may be provided to the U.S. government and Seller is deemed to have assumed the obligation of compliance with respect to all applicable laws and regulations in connection with federal government procurements. Seller warrants that all chemical substances constituting or contained in the goods sold hereunder are included on the list of chemical substances compiled and published pursuant to the Toxic Substance Control Act inventory reporting regulations.

TAXES

Seller agrees that all excise, privilege, occupational, sales, use and other taxes applicable to the purchase, sale, or use of the goods, or to Seller's work or Seller's receipts for the performance of work covered by this order shall be for Seller's account, and Seller will protect, indemnify, and save Buyer harmless from all liability for such taxes.

BUYER'S PROPERTY

All drawings, artwork patterns, tools, dies, special products, information or data furnished by Buyer, or the cost of which constitutes part of the purchase price hereunder, shall be used by Seller only for Buyer's work, shall be kept confidential and shall be returned promptly at Buyer's request or otherwise disposed of in accordance with Buyer's instructions.

NO DELEGATION

Seller may not perform its obligations to Buyer through a delegate, and any attempt to delegate Seller's obligations without Buyer's prior written consent shall be void.

WAIVER

No claim or right of Buyer arising out of a breach of any of Seller's obligations to Buyer can be discharged by waiver or renunciation unless such waiver or renunciation is made expressly by Buyer in writing and is supported by consideration.

GOVERNING LAW; DISPUTE RESOLUTION

The Agreement will be construed and governed by the law of the State of Minnesota. Seller acknowledges that it is doing business in Minnesota and consents to the jurisdiction and venue of the state and federal courts for Minnesota for the resolution of any disputes arising out of the Agreement.