

PACIFIC PRESS TECHNOLOGIES
GENERAL TERMS AND CONDITIONS OF PURCHASE

1. **ORDER/ACCEPTANCE.** This purchase order constitutes PPT Industrial Machines, LLC's (D/B/A "Pacific Press Technologies") and/or its subsidiaries (hereinafter collectively "Purchaser") offer to Seller. Purchaser shall not be bound by this order until Seller either (a) delivers to Purchaser a written acceptance of the order or (b) delivers to Purchaser any of the items or services ordered. Seller will be bound to this agreement upon the occurrence of either (a) written acceptance of the order or (b) delivery to Purchaser of any items or services ordered.

"Purchase Order" as used herein shall mean this document, any Purchaser specifications, statement of work or other documents referenced therein together with all additional terms and conditions set forth therein by Purchaser.

2. **DELIVERY/SHIPMENT/PACKAGING.**

A. *Shipment; Packing.* Goods shall be prepared, packed and shipped in a manner that will comply with all applicable laws and regulations and in a manner that will prevent damage in transit. Shipment shall be in accordance with Purchaser's shipping instructions. Where excess charges result from Seller's failure to ship as specified on this order, Purchaser reserves the right to bill Seller for the additional cost. Title and risk of loss shall pass to Purchaser only upon delivery of the goods to, and acceptance by, Purchaser.

B. *Delivery Date.* 100% on-time delivery is a requirement of this purchase order. Seller acknowledges that Purchaser requires receipt of good(s) by specified date on the purchase order. In the event of any delay or threat to delay the timely performance of this Purchase Order, Seller must immediately notify Purchaser in writing of all relevant information with respect to such delay. Any goods delivered beyond an agreed upon date, may, in the sole discretion of Purchaser, be rejected or returned at Seller's risk and expense. Time is of the essence of this agreement.

C. *Force Majeure.* Seller shall not be responsible for any prohibition, failure, interruption or delay in manufacture or delivery which may be caused by sabotage, fire, flood, explosion, labor dispute, strike, work stoppage, riot, insurrection, war, act of God, or any similar cause beyond Seller's control. Seller shall provide notice to Purchaser as soon as possible upon the occurrence of any such event. Further, in the event of any such prohibition, failure, interruption or delay, Purchaser may, at its option, extend the delivery time or, upon written notice to Seller by Purchaser after determining the sole delay indicated by Seller is inconsistent with Purchaser's needs, cancel the order, in whole or in part.

3. **CHANGE ORDERS.**

A. *Buyer Change Order.* Purchaser may at any time, by a written order signed by an authorized representative, make changes in any one or more of the following: (a) place or time of delivery; (b) designs or specifications; (c) quantity of goods purchased; (d) scope or type of services provided and (e) method of shipment or packing. If any such change causes a material increase or decrease in the cost or time of performance, an equitable adjustment shall be made in the price or delivery schedule or both. No claim for an adjustment to the price by Seller shall be allowed unless made in writing in reasonable detail sufficient to demonstrate the change in cost and/or schedule created by the change within 30 days from the date notice of the change is received by Seller. Nothing in this clause shall excuse Seller from proceeding with the performance of this purchase order as changed. Seller shall not change the specifications, manufacturing site, equipment, manufacturing process, manufacturing conditions, product composition or testing procedures for the manufacture of goods without the prior written consent of Purchaser. Purchaser may terminate this purchase order or withdraw any authorization granted hereunder, in whole or in part, for convenience or for any other reason, at any time upon written notice to the Seller.

B. *Seller Change Order.* No seller initiated change order, modification or revision of this Purchase Order shall be binding upon Purchaser unless such change order is in writing and signed by a duly authorized representative of Purchaser. Change orders for expenses submitted by Seller which have not been pre-approved by Purchaser will not be accepted. Cost increases resulting from changes requested by Purchaser and/or from Purchaser's choice of material different than those selected by Seller shall be for account of Purchaser if in excess of a total aggregate of two percent (2%) of the purchase price.

4. INSPECTION. All goods and/or services will be subject to inspection and approval, and any goods and/or services which are not then in every way satisfactory to Purchaser may be rejected by Purchaser. Acceptance or rejection of the goods and/or services shall be made as promptly as practical after delivery, but failure to inspect and accept or reject the goods and/or services or failure to detect defects by inspection, shall neither relieve Seller from responsibility for all requirements relating to such goods and/or services nor impose liabilities on Purchaser for its failure to identify such defects. Goods furnished in lots are subject to rejection of entire lot based on sampling of lot. Purchaser may hold any rejected goods for the Seller's instructions and at Seller's risk or Purchaser at its option may return them to the Seller at Seller's expense. Inspection, failure to inspect and/or payment shall not relieve Seller of any liability under its warranties or any other term or condition of this order

5. WARRANTIES. Seller makes the following warranties to Purchaser and its customers and the users of the goods: (a) Seller will, at the date of delivery, have good title to any and all goods supplied hereunder and said goods will be free and clear of any and all liens and encumbrances; (b) any and all goods supplied hereunder will be of merchantable quality; (c) any and all goods supplied hereunder will be fit for the particular use intended, will be free from defects, whether patent or latent, in design, material or workmanship, and will be in conformity with the specifications container herein. Seller agrees that the foregoing warranties shall be in addition to any warranties of additional scope given to Purchaser by Seller. These warranties shall continue notwithstanding any inspection, acceptance, payment by Purchaser or expressly waived in writing by Purchaser.

6. INVOICING/TERMS OF PAYMENT/PRICE. Payment terms are specified in the Purchase Order. Seller shall submit invoices and other documents promptly to Purchaser. Purchaser shall not be billed at prices higher than those stated on the Purchase Order. For invoices returned for correction, the payment terms period will run from the date of receipt of the corrected invoice. Purchaser will be entitled to set off any amount owing from Seller to Purchaser. Payment by Purchaser for goods supplied hereunder shall not constitute acceptance thereof if subsequent inspection disclosed defective material or workmanship or failure to meet the specifications contained herein.

7. REJECTION AND CANCELLATION: Purchaser reserves the right to reject goods and to cancel all or any part of this order if Seller fails to deliver all or any part of the goods herein described in accordance with the terms, conditions, and specifications contained herein, or if such goods contain defective material or workmanship. Seller will credit or reimburse Purchaser for the purchase price of the rejected goods, as the case may be, or, in the case of defective goods, the Seller will replace such defective goods, in which case such replacement shall be covered by a new purchase order. Rejected goods shall be removed at the expense of Seller, including transportation both ways, promptly after notification of rejection, Seller shall bear all costs of inspection and all risks of loss of rejected goods, as well as any and all consequential and incidental damages. Acceptance of any part of the goods covered by this order shall not obligate Purchaser to accept future shipments nor deprive it of the right to revoke any acceptance theretofore given. If Seller ceases to conduct its operation in the ordinary course of business (including inability to meet its obligations as they mature), or if any proceeding under bankruptcy or insolvency laws is brought by or against Seller or if a receiver for Seller is appointed or applied for, or if an assignment for the benefit of creditors is made by Seller, Purchaser may cancel this order without liability except for deliveries previously made or for goods covered by this order then completed and subsequently delivered in accordance with the terms, conditions, and specifications contained herein.

8. INDEMNIFICATION. Seller agrees to indemnify, hold harmless and defend Purchaser from and against all laborers', material men's, mechanics', or other claims, liens and encumbrances

arising from the performance of Seller's obligations under this purchase order and shall keep the premises of Purchaser free from all such claims, liens, and encumbrances. To the full extent permitted by applicable law, Seller, for itself and all of its suppliers of any materials or services, waives all rights of lien against the property and premises of Purchaser for labor performed or for goods furnished for the work. In the event Seller, its employees, agents or subcontractors enter premises occupied or under the control of Purchaser in the performance of this purchase order, Seller shall indemnify, hold harmless and defend Purchaser from and against all claims, liability, damages, costs and expenses arising on account of any personal injury or death or any property damages occurring as a result of Seller negligence or fault in the course of such entry. Seller agrees to indemnify, defend and hold harmless Purchaser, and/or its customers and users, against any and all liability, loss and expense (including attorney's fees) by reason of any claim, action or litigation arising out of any alleged or actual, direct or contributory infringement of patent arising from the purchase, use or sale of subject materials. In case the purchase, use or sale of said goods, or any part thereof, is held to constitute infringement and/or is enjoined, Seller shall, at its own expense, procure for Purchaser and its customers and users the right to continue the purchase, use and sale of said goods; or with the approval of Purchaser, modify said goods so they become non-infringing, or remove said goods and refund the purchase price and the transportation and installation costs thereof.

9. CONFIDENTIALITY. Data, drawings, specifications, or other technical information furnished directly or indirectly, in writing or otherwise, to Seller by Purchaser pursuant to this order shall in no event become the property of Seller and shall be used only in fulfilling the obligations imposed by this order and shall not be duplicated or disclosed to others or used in whole or in part for any other purpose. Such furnishings of data, drawings, specifications, or other technical information shall not be construed as granting any rights whatsoever, express or implied, under any patents of Purchaser.

10. NO JOINT VENTURE; AUTHORITY. To the extent this purchase order relates to services to be provided to Purchaser, the Seller hereby acknowledges and agrees that the Seller is an independent contractor of Purchaser for all purposes and that nothing contained herein shall be construed to create or establish any relationship of employer and employee or to deem the Seller to be an agent, partner or joint venture of or with Purchaser. Nothing herein is intended or shall be construed as granting the Seller the right, privilege or authority to make or execute any agreement on behalf of or otherwise bind or obligate Purchaser in any way. No employees of the Seller shall be deemed employees of Purchaser and the Seller shall be responsible for all of the wages and benefits of its employees, shall maintain all payroll records as it deems necessary for its employees which are employed by the Seller to provide goods and services to Purchaser and shall withhold and pay over all federal and state withholding taxes as appropriate and provide workers' compensation insurance for such employees.

11. GENERAL.

A. These terms and conditions together with any additional terms and conditions set forth in any purchase order or statement of work agreed to between the parties constitute the entire contract between Seller and Purchaser. To the extent any of these terms conflict with any additional terms contained in any purchase order or statement of work, these terms shall prevail unless otherwise agreed to by both parties. No modification hereof shall be of any force and effect unless in writing and signed by the party claimed to be bound thereby. A waiver of any of the terms or conditions hereof shall not be deemed a continuing waiver, but shall apply solely to the instance to which the waiver is directed.

B. The Seller shall not offer or pay employees of Purchaser any kickbacks, gratuities, rebates or any form of improper payments, or any other services or things of value which may be intended to influence the actions of any employee of Purchaser or perceived by others to have influenced any such employee, either directly or indirectly.

C. All issues and questions concerning the construction, validity, enforcement and interpretation of this agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois without regard to the principles thereof regarding conflict of laws. Any suit, action or proceeding with respect to this terms and conditions herein shall be brought in the courts of the State of Illinois or in the federal courts located in the Northern District of Illinois. In the event any party shall bring litigation (or arbitration) to enforce the terms herein, the losing party shall pay all reasonable attorney fees and costs incurred by the prevailing party in enforcing the terms and provisions herein, or in defending any proceeding to which a party or parties are made a party as a result of the acts or omissions of the other party.