

TERMS AND CONDITIONS

1. SCOPE

1.1. SCOPE. These are the terms and conditions (“Terms and Conditions”) by which Hansen International, Inc., a corporation organized under the laws of the State of South Carolina (“Buyer”) will purchase products, materials, and related services from you (hereinafter “Products”) and which will be described in Buyer’s purchase order(s). Buyer will order the Products by issuing a purchase order (“Purchase Order” or “Purchase Orders”) to you (“Seller”) which will state the quantities, price, delivery and payment terms, and other requirements and specifications for the Products. These Terms and Conditions are incorporated into and include each Purchase Order. Seller accepts each Purchase Order issued to it, including these Terms and Conditions, unless Seller provides notice to Buyer within five (5) business days of a Purchase Order that it rejects such Purchase Order.

2. ORDERING

2.1. PRODUCT ORDERS. Buyer will order the Products it wishes to purchase from Seller by issuing a Purchase Order to Seller for the Products. Purchase Orders may be issued by Buyer to Seller by mail, fax, electronic mail, or through other electronic means.

2.2. FORECASTS. Any forecasts or estimated quantities provided by Buyer regarding its anticipated need for the items covered by these Terms and Conditions are solely for Seller’s use in planning its production and delivery requirements. Such information is not a binding commitment for the purchase of the number and type of items listed in the forecast and Buyer may actually order more or less items, or on a different schedule.

2.3. PRICE CHANGES. Pricing for Product purchases shall be set forth in a Purchase Order. Buyer may change pricing for the purchase of a Product in any Purchase Order, and the pricing of a Product in a Purchase Order shall have no effect on the pricing for a purchase of a Product in other Purchase Orders.

2.4. CANCELLATION/RESCHEDULES. Buyer may cancel or reschedule the delivery of all or any part of the Products in a Purchase Order at any time through written notice to Seller. If Seller has ordered or bought raw materials and components to manufacture Products subject to a cancellation notice, which are unique to those Products and which Seller cannot cancel, return or use elsewhere, Buyer will then purchase the raw materials and components for such Products from Seller at Seller’s actual cost.

2.5. ADDITIONAL PRODUCTS. Buyer and Seller agree that any purchase of Products by Buyer from Seller, including equipment, supplies, materials and related services not expressly subject to a Purchase Order are not subject to these Terms and Conditions, and must be the subject of a separate written agreement.

3. MANUFACTURING

3.1. MANUFACTURING. If any of the Products subject to these Term and Conditions are to be manufactured in accordance with drawings and/or specifications provided by Buyer (the “Specifications”), Seller will manufacture the Products strictly in accordance with the Specifications. Buyer may make changes in the Specifications at any time upon reasonable advance notice to Seller. If such changes result in delay or additional expense to Seller, an equitable adjustment of price and delivery schedules will be made.

3.2. INSPECTION. Seller will permit Buyer and its representatives to have access to Seller’s plant at all reasonable times for the purpose of conducting quality audits and inspecting the Products and work in process for production of such items. However, regardless of any inspections conducted by Buyer, all items are subject to final inspection and approval at Buyer’s plant or another place designated by Buyer. Buyer may return rejected items at Seller’s expense and charge Seller a reasonable handling charge. Seller will not replace items returned as defective unless so directed by Buyer in writing. If Seller requires the issuance of a returned goods authorization before it will accept returned Products, Seller will issue the authorization within seventy-two (72) hours after receiving a request from Buyer for authorization.

3.3. MANUFACTURING CHANGES. Seller will notify Buyer in writing of any changes it plans to make which may affect the stability or performance of any of the Products before making the changes. These changes include, but are not limited to, changes in raw materials or their Sellers, manufacturing procedures or processes, or published specifications. Seller’s notice will include a description of the changes sufficient for Buyer to determine if the new Product meets all of the Specifications. If requested by Buyer, Seller will also provide sufficient samples of the new Product for Buyer to conduct any tests it determines to be necessary. Buyer will have the right, but not the obligation, to review and approve the proposed changes; however, Buyer’s review and approval will not relieve Seller of the obligation to deliver Products that meet the Specifications. If Buyer does determine that the proposed new Product will not meet the Specifications, will not perform the same as the old Product, or is otherwise unacceptable, Seller will continue to manufacture the unmodified Product and sell it to Buyer. Seller will also notify Buyer in writing of its plans to discontinue manufacturing or distribution of any of the Products at least one hundred eighty (180) days before making the changes.

4. PACKAGING, SHIPPING, AND DELIVERY

4.1. PACKAGING. Seller will prepare all Products purchased under a Purchase Order and package them for shipment in a manner that will prevent damage in transit. Buyer is not liable for extra charges for packing, cartage or anything else unless stated in these Terms and Conditions. Seller will mark the applicable order number and Buyer Part Number on each container and enclose a packing slip with the same information.

4.2. SHIPMENT. Seller will ship the Products purchased under a Purchase Order to Buyer for delivery at the location and on the schedule specified on the Purchase Order. If specific terms of shipment are not specified on the Purchase Order, then the method of shipment will be FOB Buyer’s facility. If a method of shipment and carrier are specified on the Purchase Order, Seller will utilize the method and carrier specified. If Seller fails to comply with Buyer’s shipping instructions, then Buyer may deduct from Seller’s invoice any costs incurred by Buyer over the amount it would have paid had the specified method been used.

4.3. DELIVERY. The delivery date specified in a Purchase Order for Products will be the date on which the Products must be delivered to Buyer’s facility (the “Dock Date”). If Seller exercises due care, Seller will not be liable for delays in delivery due to acts of God, floods, fire, war, riot, strikes and damage in transit due to causes beyond its reasonable control. However, if Seller does not adhere to the delivery schedule, then regardless of cause, Buyer may terminate any Purchase Order without liability to Seller. When Buyer issues a Purchase Order to Seller for Products, Buyer may designate the form in which deliveries are to take place. This

may include the delivery of specified quantities of Products on a daily, weekly or monthly basis. If Buyer does not designate a form of delivery, then Seller may assume all Products included in a Purchase Order are to be delivered as a single batch on the date specified in the Purchase Order.

4.4. NOTIFICATION OF LATE DELIVERIES. Seller will promptly notify Buyer in writing if Seller has reason to believe it may not be able to meet one or more delivery dates. The notification does not excuse Seller from the late delivery; rather, it is intended to give Buyer and Seller an opportunity to work together to resolve the problems. Upon Seller's notification to Buyer of a late delivery, Buyer may elect to expedite shipment of the Product(s) affected by the delayed delivery so as to minimize costs incurred by Buyer as a result of the late delivery. If Seller had previously agreed to the delivery date, then Buyer may opt to bill Seller or take a credit for the difference between the original shipping costs and the cost for the expedited shipping service. This alternative is in addition to any other available relief or remedy to which Buyer may be entitled.

5. SELLER INFORMATION

5.1. PRODUCT COMPOSITION. When requested by Buyer, Seller will disclose to Buyer the chemical composition of any Product sold to Buyer. Seller hereby authorizes Buyer to use the information disclosed to investigate the performance of the Product and to disclose the information provided by Seller in response to inquiries by governmental agencies and Buyer's customers about the composition and formulation of the Products.

5.2. MATERIAL SAFETY DATA SHEETS. Seller will provide Buyer with complete and accurate Safety Data Sheets ("SDS") for the Products and additional information as is necessary for the safe handling and use of the Products. Seller agrees that Buyer may rely upon the information provided by Seller when informing its employees and customers about the risks associated with the Products and the safe handling and use of the Products.

5.3. COMPONENT OBSOLESCENCE. If Seller decides that it will obsolete or otherwise cease to manufacture, distribute or sell any Product, then Seller will notify Buyer in writing at least nine (9) months prior to the date it intends to cease manufacturing or distributing the Products. In addition, Seller will promptly notify Buyer if Seller learns or has reason to believe that the person or entity from whom it procures a component, part or accessory necessary for Seller to provide any Product will no longer manufacture, distribute or sell the component, part or accessory. Seller and Buyer will work together to identify acceptable alternatives to the discontinued item.

6. SELLER'S EMPLOYEES ON BUYER'S PROPERTY

6.1. PERFORMANCE OF WORK. All services incidental to the purchases covered by these Terms and Conditions and any related Purchase Order (such as installation, adjustment, testing or repair) provided on Buyer's premises by Seller's employees, agents or contractors will be performed by properly qualified, trained and supervised personnel. Seller will instruct all of its employees, agents and contractors that they will: (A) enter and leave Buyer's premises in compliance with Buyer's site entry and exit procedures; (B) conduct themselves on Buyer's premises in a professional and workmanlike manner and in full compliance with Buyer's rules for site security, environmental compliance, and health and safety; and (C) not engage in any activities that could be deemed harassing (including sexual harassment) or discriminatory.

6.2. INSURANCE. Seller will maintain worker's compensation, automobile and general liability insurance in effect and provide evidence that it has obtained such insurance coverage to Buyer upon request by Buyer. Buyer may, at its sole option, specify minimum levels of insurance and require Seller to name Buyer as an additional insured. Seller waives any right of subrogation that it or its insurance carriers may have against Buyer with respect to claims submitted by Seller's employees under Seller's worker's compensation insurance.

6.3. SERVICES INDEMNITY. Seller agrees to defend, indemnify and hold Buyer harmless from and against all claims, liabilities, demands, causes of action and expenses (including reasonable attorney fees) suffered or incurred by Buyer:

(A) because any of Seller's employees, agents or contractors failed to enter and leave Buyer's premises in compliance with Buyer's site entry and exit procedures, failed to conduct themselves on Buyer's premises in a professional and workmanlike manner and in full compliance with Buyer's rules for site security, environmental compliance, and health and safety, or engaged in any activities that could be deemed harassing (including sexual harassment) or discriminatory; or

(B) as a result of personal injury or property damage suffered or incurred by any person or entity to the extent such personal injury or property damage is caused by or results from the acts or omissions of Seller or its agents, employees or contractors while performing work on Buyer's premises.

7. WARRANTIES AND INDEMNITY

7.1. GENERAL WARRANTY. Seller confirms any warranties or representations (oral or written) previously made as to the goods or services to be provided by Seller, including, but not limited to, warranties and representations contained in any proposal, quotation or bid provided by Seller. Seller also warrants that all items will be free from defects in material and workmanship, will conform to drawings and specifications and any samples previously delivered, will be of merchantable quality, and will be fit for the purpose for which proposed. Such warranties, together with all other service warranties and guarantees of Seller, not including any disclaimers, will run in favor of Buyer, its employees and its customers. Seller agrees to indemnify and hold Buyer harmless from any and all liability of Buyer arising out of or in any way connected with a breach of this warranty or the negligence, intentional misconduct, or omissions of Seller in the manufacture or design of the Products.

7.2. GENERAL INDEMNITY. Seller agrees to defend, indemnify and hold Buyer and its directors, officers, employees, and insurance carriers harmless from and against all claims, liabilities, demands, causes of action, and expenses (including reasonable attorney fees) suffered or incurred by Buyer as a result of personal injury or property damage suffered or incurred by any person or entity to the extent such personal injury or property damage is caused by or results from: (A) Seller's failure to manufacture any Product in accordance with Buyer's specifications and requirements or Seller's published specifications; (B) failure of any Product to perform in accordance with Seller's published specifications; (C) Seller's failure to provide complete and accurate information regarding any Product, the hazards and risks associated with its use or the steps necessary to use the Product safely for its intended use as specified by Buyer; (D) any act or omission on the part of Seller and its employees, agents, subcontractors, or vendors in performing pursuant to these Terms and Conditions; or (E) use by Buyer or its direct or indirect customers of Seller's products for their intended use as specified by Buyer.

7.3. PATENTS, TRADEMARKS, AND COPYRIGHTS. Seller agrees to assume full responsibility for the defense of any suit or proceeding brought against Buyer which alleges in whole or in part that any Product violates or infringes any patent, trademark, copyright or trade secret. Seller agrees that Buyer, at its sole option, may actively participate in the suit or proceedings through counsel of its own choosing. Seller further agrees to indemnify Buyer against any and all costs (including reasonable attorney fees), expenses, losses, liabilities, royalties, loss of profits, damages, settlement and judgment suffered or incurred by Buyer as a result of the claim of infringement and, if requested by Buyer, to use its best efforts to procure for Buyer the right to continue using the infringing Products. Seller's obligations under this Section 7.3 will survive acceptance of the Products or termination of these Terms and Conditions. The obligations created by this Section 7.3 will not apply to Products whose Specifications were developed solely by Buyer.

7.4. PRODUCT CORRECTIVE ACTIONS. Seller will provide at no charge technical and engineering assistance and information as Buyer may request in order to enable Buyer to investigate problems with Buyer's products that Buyer reasonably believes are related to, caused by, or involve the Products. If Buyer is required to recall or conduct a field correction of any of its products due to the failure of any Product to meet its Specifications, Seller will cooperate fully with Buyer in planning and conducting the corrective actions and manufacturing any necessary replacement Products. If the corrective action was required because Seller failed to manufacture a Product in accordance with the Specifications or to properly package or ship the Product, Seller will provide replacement Products at no cost to Buyer and will reimburse Buyer for all costs incurred by Buyer in shipping the replacement Products to Buyer's customers and installing them, if necessary.

8. BUYER'S PROPERTY

8.1. MANUFACTURING ITEMS. All tools, dies, jigs, patterns, test fixtures, equipment, materials and other items purchased, furnished, charged to, or paid for by Buyer, in whole or in part, and any replacements for them, will remain Buyer's property. Seller will: (A) mark these items to clearly show that they are Buyer's property; (B) not substitute other property for Buyer's property; and (C) only use Buyer's property to fill Buyer's orders unless authorized by Buyer in writing. Seller will hold and use Buyer's property at Seller's own risk and, upon Buyer's written request, will redeliver the property to Buyer in the same condition as originally received by Seller, reasonable wear and tear excepted. Seller will not dispose any of Buyer's property without Buyer's prior written approval. Buyer may file any UCC statements and other documents with governmental agencies that Buyer determines to be appropriate and necessary to protect Buyer's right, title and interest in these materials. Seller will cooperate with Buyer by promptly signing and returning to Buyer any such documents that Buyer may reasonably request Seller to sign.

8.2. DRAWINGS, SPECIFICATIONS AND TECHNICAL INFORMATION. The ideas, information and designs contained in or shown upon, and the drawings, specifications, photographs, samples and other engineering and manufacturing information supplied by Buyer will remain Buyer's property. They will be retained in confidence by Seller and not disclosed to any other person or entity. Seller will not use them to provide goods or services to any other person or entity and will not use or incorporate them into any product or item later manufactured or assembled by Seller for anyone other than Buyer. Seller agrees to return to Buyer all drawings, specifications, photographs and other engineering and manufacturing information supplied by Buyer promptly following Buyer's request. Any unpatented knowledge or information concerning Seller's processes, present or

contemplated, products or their uses that Seller discloses to employees of Buyer in connection with the ordering, acquisition and use by Buyer of the goods or services covered by these Terms and Conditions will, unless otherwise specifically agreed in writing, be deemed to have been disclosed as part of the consideration for these Terms and Conditions. Seller agrees not to assert any claim (other than a claim for a patent infringement) against Buyer by reason of any use or alleged use to which any such information or knowledge may be put by Buyer.

8.3. PROPRIETARY RIGHTS. These Terms and Conditions do not grant to Seller any right, title or interest in or to Buyer's proprietary rights or information including, but not limited to, Buyer's name, trademarks, trade names, trade dress, trade symbols, copyrights, patents, patent applications, inventions, trade secrets, product names or designations, model names or numbers, processes, models, prototypes, designs or formulas. Seller will not use Buyer's trade names or trademarks on any of its products or in conjunction with Seller's business operations except as specifically authorized in writing by Buyer. In addition, all improvements to Buyer's existing products and all new inventions and designs for Buyer's products will be Buyer's property. Seller will not have any right, title or interest in or to them. As requested by Buyer, Seller will execute any reasonable document confirming Buyer's ownership of these designs, products and inventions and assigning to Buyer any interest that may have accrued to Seller. Though Seller will own new product designs and improvements to products made by Seller for Seller's use, Buyer will possess a non-exclusive, irrevocable, worldwide license to use such products for its business.

8.4. CONFIDENTIALITY. Seller agrees that all of the information it obtains while performing the work required by these Terms and Conditions or which is disclosed to Seller by Buyer regarding the Products (including, but not limited to, their design and specifications and Buyer's forecasts) or regarding Buyer's facilities, manufacturing processes and existing or proposed products is Buyer's confidential and proprietary information, regardless of the form of disclosure. Seller agrees that it will maintain all of Buyer's confidential and proprietary information in confidence, will not disclose or disseminate the information to any third party, without Buyer's express prior written consent, and will use the information only for the purpose of fulfilling its obligations under these Terms and Conditions. Seller agrees that it will disclose the information provided by Buyer only to Seller's employees, officers, directors and consultants who have signed agreements obligating them to keep the information in confidence, have been advised of the confidential and proprietary nature of the information, and have a need to know the information. The foregoing limitations will not apply to information that Seller can demonstrate was: (A) in the public domain at the time of its disclosure by Seller; (B) in Seller's possession prior to the date of these Terms and Conditions and not acquired directly or indirectly from Buyer; (C) published or became part of the public domain through no act or failure on Seller's part; or (D) obtained by Seller from a third party not owing obligations of confidence to Buyer. Seller agrees that the information disclosed will not be deemed to be in the public domain or in Seller's possession merely because it is embraced by more general information in the public domain or in Seller's possession, or merely because individual items of the information are in the public domain or Seller's possession. Seller's obligations under this Section 8.4 will survive termination of these Terms and Conditions and continue for five (5) years after the date the last Product ordered by Buyer under these Terms and Conditions is shipped to Buyer.

9. SELLER PARTNERSHIP ACTIVITIES

9.1. QUALITY. Seller understands that Buyer's goal is to receive defect-free Products. Accordingly, Seller agrees to utilize its best efforts to achieve a "zero-defect" objective and to deliver defect-free Products to Buyer at the lowest possible cost as defined and measured by Buyer's system for measuring Seller performance. Seller agrees to promptly notify Buyer if Seller receives information that reasonability suggests one or more Products do not meet or will not continue to meet the Specifications. Seller agrees to communicate openly and work together with Buyer to achieve the quality objectives expressed in this Section 9.1.

10. GENERAL PROVISIONS

10.1. RESTRICTION OF HAZARDOUS SUBSTANCES DIRECTIVE. If Buyer requires Seller to be in compliance with RoHS, Seller will maintain an up-to-date certificate of compliance and other required documentation that shows RoHS compliance for all those parts shipped to Buyer that Seller acknowledges as RoHS compliant. Seller will furnish copies of such documents to Buyer within twenty (20) calendar days of Buyer's written request for such documents. Seller assumes sole liability and indemnifies Buyer for any losses related to any part shipped to Buyer that has been acknowledged as RoHS compliant. If any such part is audited or identified as non-compliant, Seller will bear all costs related to any required corrective actions.

10.2. SUBCONTRACTS, ASSIGNMENT, AND SETOFF. Seller will not assign any of the rights granted by these Terms and Conditions, delegate any of its duties under these Terms and Conditions, or contract with any other person or entity to provide the Products or services covered by these Terms and Conditions without Buyer's prior written consent. Buyer may set off against any amount payable to Seller under these Terms and Conditions any claim or charge it may have against Seller.

10.3. COMPLIANCE WITH LAWS. Seller represents and warrants that the Products, any services provided pursuant to these Terms and Conditions, and the performance of these Terms and Conditions, comply with all applicable standards, provisions and stipulations of all pertinent laws, rules, regulations, ordinances and executive orders, and not limited to laws of the United States of America (collectively "Laws"). These Laws include, but are not limited to, the Fair Labor Standards Act of 1936, the Occupational Safety & Health Act of 1970, the Toxic Substances Control Act, the Food, Drug & Cosmetic Act, those Laws relating to equal employment opportunity and the utilization of small, disadvantaged, and women-owned business concerns, all as amended. In addition, Seller will, at all times, act in a lawful manner and will not use the proceeds realized from these Terms and Conditions to bribe government officials or as a kickback to any employee of Buyer or its affiliates or subsidiaries. Seller agrees to provide Buyer with a written certification of its compliance with any or all of the foregoing upon receipt of a request by Buyer.

10.4. SALES AND USE TAXES. Seller will be responsible for collecting and remitting sales and use and other such transfer taxes and fees on the items and services subject to these Terms and Conditions in accordance with this Section 10.4. The tax status of any item or service subject to these Terms and Conditions will be determined solely by reference to the designation for that item in the field titled "Taxable" on the Purchase Order. Seller will add all applicable sales and use taxes and other transfer taxes and fees to the price of the items identified as taxable. If an item is designated as nontaxable, then Seller will regard these Terms and Conditions as a resale certificate and consider such items to be for resale. Sales and use taxes and other such transfer taxes and fees will not be added to the purchase price of items designated nontaxable. If

the tax status of an item is not designated on the Purchase Order, then Seller will treat that item as taxable.

10.5. TERMINATION. If Seller becomes insolvent, makes an assignment for the benefit of its creditors, or if a petition in bankruptcy is filed by or with respect to Seller, Buyer may, by notice in writing, terminate these Terms and Conditions and any related Purchase Order in whole or in part without liability to Seller except for Products already accepted by Buyer. Notwithstanding the foregoing, Buyer may terminate these Terms and Conditions and any related Purchase Order at any time for any reason by thirty (30) days written notice in writing to Seller. In the event Buyer terminates these Terms and Conditions and any related Purchase Order, in no event will Buyer be liable for any indirect or consequential damages or loss of profits to Seller as a result of such termination.

10.6. NOTICES. All notices will be in writing and sent by United States mail, commercial overnight delivery service, or electronic mail transmission (and specifically not by facsimile). Notices sent to Seller must specifically be addressed to "Purchase Manager". Notices sent by United States mail will be sent by first class mail, registered or certified, postage prepaid, and will be deemed to have been given on the date actually received or the fifth day after mailing, whichever is earlier. Notices sent by commercial overnight delivery service will be sent using a service that provides traceability of packages and will be deemed given on the second business day after the date they are picked up by the delivery service. Notices sent by electronic mail will be deemed given on the first business day after the date they are transmitted, provided a confirming signed original is mailed within one (1) business day. Buyer may change its address for notices or facsimile number at any time by sending a written notice to Seller.

10.7. ATTORNEY FEES. In the event either Buyer or Seller brings suit to enforce or interpret any part of these Terms and Conditions and any related Purchase Order, the prevailing party will be entitled to recover as an element of costs of suit, and not as damages, in addition to all other sums that either party may be called on to pay, a reasonable sum for attorney fees.

10.8. CHOICE OF LAW. These Terms and Conditions will be construed and interpreted and the legal relations created hereby will be determined in accordance with the laws of the State of South Carolina, excluding those laws relating to choice of law and as if these Terms and Conditions were performed entirely within South Carolina.

10.9. SECTION AND PARAGRAPH HEADINGS. The section and paragraph headings used in these Terms and Conditions are for purposes of convenience or reference only. They will not be used to explain, limit or extend the meaning of any part of these Terms and Conditions.

10.10. WAIVER. Buyer's failure to insist upon the performance of any or all of the terms, covenants or conditions of these Terms and Conditions or failure to exercise any rights or remedies hereunder will not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, conditions or of the future exercise of such rights or remedies unless otherwise provided for herein.

10.11. SEVERABILITY. In the event that any one or more of the provisions contained in these Terms and Conditions will for any reason be held by a court of competent jurisdiction to be unenforceable in any respect, the holding will not affect any other provisions of these Terms and Conditions and the Terms and

Conditions will then be construed as if such unenforceable provisions are not a part hereof.

10.12. BINDING EFFECT. These Terms and Conditions will be binding on Seller and its parents, subsidiaries and affiliates, and is entered into by Buyer for the benefit of Buyer and its parents, subsidiaries and affiliates. In addition, if requested by Buyer, Seller agrees to provide the benefits of these Terms and Conditions to third parties providing goods or services to Buyer.

10.13. ENTIRE TERMS AND CONDITIONS. These Terms and Conditions consist of a Purchase Order, these Terms and Conditions, and any other attachments, exhibits or documents identified on the Purchase Order. These Terms and Conditions represents the entire agreement between the parties relating to the subject matter hereof and will supersede any other agreement, whether written or oral with the exception of a signed supplier agreement. There are no understandings, representations or warranties of any kind except as expressly set forth herein. No waiver, alteration or modification of any of the provisions or attachments to these Terms and Conditions will be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration or modification is sought. If there is a conflict between the terms and conditions in the Purchase Order, these Terms and Conditions, or any terms and conditions contained in any exhibit or attachment, the terms and conditions in these Terms and Conditions will be controlling.