

Arnold Magnetic Technologies Corporation
Terms and Conditions - Purchase Orders

1. ACCEPTANCE AND COMPLETE CONTRACT

All purchase orders issued by Arnold Magnetic Technologies Corporation or any of its subsidiaries (collectively referred to as the “Buyer”) to any vendor (the “Seller”) are issued subject to the following terms and conditions and to those on the face and reverse side of each purchase order. Such terms and conditions contain the complete and final agreement between the Seller and the Buyer and shall supersede all prior understandings and communications pertaining to the subject matter of such purchase order, upon acceptance by Seller. Acceptance shall be by acknowledgement, commencement of performance or shipment by Seller. Should any additional or different terms be set forth in any quote, catalogue, price list, order acknowledgement or other document, such additional or different terms are expressly rejected by Buyer, and by accepting an order, as defined above, Seller agrees to all of these terms exclusively and without change. No modification or revision of these terms and conditions shall be binding upon Buyer, unless made in writing and signed by Buyer’s authorized representative.

2. QUANTITIES AND PRICES

Buyer’s count shall be accepted as conclusive on all shipments not accompanied by a packing slip. Buyer reserves the right to reject and return any material in excess of the quantities specified in a purchase order. The price(s) for the articles and/or services (a “deliverable” or the “deliverables”) is set forth in the purchase order and is inclusive of all applicable taxes and expenses. To the extent that the prices for deliverables ordered under a purchase order are not specified in such order, the prices for the same, unless otherwise agreed by Buyer shall be those applicable to Buyer’s last preceding order for a comparable quantity, or if there is no such order, then the price shall be Seller’s last preceding quotation for the same. Seller agrees not to charge Buyer for any materials, services or other significant expenditures without the prior written approval of Buyer.

3. INVOICE, PACKING AND CARTAGE

Invoice in triplicate should be mailed the day after shipment is made, together with the final bill of lading or other bona fide receipts attached thereto. Packing lists must be enclosed in all shipments with this purchase order number noted thereon. No charge shall be made or allowed for boxing, cartage or insurance unless by special agreement of parties in writing. All material shall be forwarded for delivery via carrier specified, procuring lowest rate via such carrier.

4. DELIVERY AND INSPECTION

Deliveries must be made by Seller in accordance with the delivery schedule specified in the purchase order. Time is of the essence. If for any reason Seller cannot or will not make delivery by the time specified, Seller shall immediately notify Buyer to that effect and the reasons therefor. Buyer reserves the right to reject or return at Seller’s risk and expense all articles or material shipped that are in excess of or in advance of the time specified for delivery, or to defer payment for advance deliveries until the specified delivery date. Seller must notify Buyer, on or before delivery, of any special requirements or hazards relating to transportation and/or storage of the deliverables and all related warnings and instructions must be visible from outside of the container.

All deliverables, including the materials and workmanship thereof, entering into the performance of any purchase order are subject to complete inspection and testing by Buyer before and after delivery notwithstanding prior acceptance or payment. No preliminary inspection by or on behalf of Buyer shall relieve Seller of its own obligation to make full end adequate tests and inspections. Seller agrees to furnish all reasonable facilities and assistance for tests and inspections to be made on its premises by or on behalf of Buyer. Any article, part, material or workmanship not accepted may be held by Buyer after notice of rejection to Seller, at Seller's risk and expense and subject to the purchase order. In addition to all Buyer's other rights available under law, Seller shall replace the same or reimburse Buyer for its expenses of rework, inspection, transportation and repacking.

5. WARRANTIES

Seller expressly warrants that all deliverables (i) are free from defect of materials and workmanship; (ii) are free of any encumbrances or claim to title or of infringement by others; (iii) conform to the specifications, drawings, samples or description furnished or approved by Buyer and include no counterfeit components; (iv) comply with all federal, state and local laws, rules and regulations; (v) comply with all warranties implied under applicable law, including but not limited to the warranty of merchantability and the warranty of fitness for a particular purpose; and (vi) comply with these terms and conditions and those set forth in the applicable purchase order. This warranty shall survive any inspection, acceptance or payment for a deliverable and may be transferred with the deliverable. Buyer does not waive any express or implied warranties. In case of any ambiguity in specifications, drawings or other requirements of any purchase order, Seller, before proceeding to fill the order, must obtain Buyer's written interpretation, which shall be final and binding on both Seller and Buyer. Seller shall plan, implement and control processes, appropriate to the Buyer and the deliverables, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to Buyer.

6. DOCUMENTATION

Seller shall retain all documentation relating to the design and manufacture of all deliverables, including without limitation plans, drawings, test results and certifications, for no less than seven (7) years following the date of the purchase of the applicable deliverable.

7. CANCELLATION

Buyer reserves the right to cancel a purchase order or any part thereof by written notice to Seller, (i) as to deliverables that have not yet been accepted, at any time and for any reason; (ii) if the deliverables ordered are not furnished according to specifications or cannot be delivered within the time specified; or (iii) immediately upon the bankruptcy or insolvency of Seller or Seller's breach of these terms.

8. CHANGES

Buyer shall have the right, by giving written notice to Seller, to make changes in the drawing, specifications, design, quantities and delivery schedule of the articles ordered. Upon receipt of any such notice, Seller shall precede promptly to make such changes in accordance with the terms of such notice. Seller shall deliver to Buyer as promptly as possible a statement showing the effect of

any such changes on the delivery dates and prices; and an equitable adjustment shall be made in the delivery schedule.

9. PATENTS

By acceptance of a purchase order and in consideration thereof, Seller warrants and agrees that all articles furnished under such order and the use thereof do not infringe any patent rights; that it will defend any suit which may arise in respect thereto; and that it will indemnify and save harmless Buyer and any subsidiary or affiliated company thereof against any loss, including damages, costs, expenses and attorney's fees and other costs of defense that Buyer may incur by the assertion of such patent rights by third parties. No specification or specifications with respect to any part of this order shall constitute a warranty, express or implied, against any claims for infringement of patents, copyrights or trademarks and Buyer shall not be responsible to Seller, as indemnitor or otherwise, for or on account of any such claim or liability. The provisions of this Section 9 shall not apply to any deliverable for which the design was provided to Seller by Buyer or Buyer's customer.

10. BUYER'S PROPERTY; CONFIDENTIALITY

Whenever Seller has in its possession any of Buyer's property, Seller shall be deemed an insurer thereof and shall be responsible for its safe return. Equipment, patterns, dies, tooling, materials, specifications and drawings supplied or paid for by Buyer in connection with this order shall remain its property, shall only be used for work performed for Buyer; and, upon request by Buyer, shall be returned to Buyer FOB its shipping point specified on the face of the order together with completed articles and those in process if so specified by Buyer. These provisions shall also apply to Government property furnished or supplied hereunder as part of a Government contract and, when so directed by Buyer, Seller shall mark Government property with drawing and property numbers. Seller acknowledges that in providing the deliverables, Seller may be exposed to confidential information of Buyer and Buyer's customers, including but not limited to trade secrets, business plans, needs requirements, financial information, customer lists and contact information. Seller agrees that it will not use or disclose, and will require all those working with or for Seller not to use or disclose, any such confidential information in any manner other than as necessary to provide the deliverables. Seller shall not, without first obtaining written consent of Buyer, in any manner advertise or publish the fact that Seller has furnished, or contracted to furnish to Buyer, the deliverables ordered under a purchase order. The foregoing confidentiality obligations are in addition to, and not in lieu of, any confidentiality agreement in effect between Seller and Buyer.

11. RISK OF LOSS, INSURANCE

Seller assumes all responsibility for risk of loss or other damages to all deliverables ordered hereunder or in its custody pursuant hereto, until delivered to Buyer FOB its shipping point specified on the face of the purchase order. Upon request, Seller will provide Buyer with a certificate(s) of insurance from a properly licensed insurer having an A.M. Best Rating of A+ or better, evidencing that Seller has procured such adequate coverage for the benefit of both Seller and Buyer as to workmen's compensation, occupational disease, unemployment compensation, fire and extended coverage and public liability, including contractual liability on both owned and

non-owned vehicles. All certificates of insurance must be delivered to Buyer prior to undertaking the supply of deliverables and must (i) name Buyer as additional insured on a primary and non-contributing basis (other than for the Workers Compensation and Employer Liability Insurance), (ii) contain an appropriate waiver of subrogation against Buyer, and (iii) require Buyer be notified by the insurer at least thirty (30) days in advance of any cancellation or modification of coverage. All such insurance shall be on an occurrence basis, and Seller waives all rights of subrogation against Buyer.

12. INDEMNITY

To the fullest extent permitted by law, Seller shall indemnify, hold harmless and defend Buyer, from and against all liability, loss, claim, settlement payment, cost and expense, interest, award, judgment, damages (including punitive damages), diminution in value, fines, fees and penalties or other charge, including but not limited to reasonable attorneys' and witness fees and court costs arising out of or in any way connected with (i) any actual or claimed infringement by a deliverable of intellectual property rights; (ii) Seller's breach of these terms; and/or (iii) Buyer's enforcement of these terms.

13. ASSIGNMENT

No right or obligation under this order (including the right to receive money due and to become due hereunder) shall be delegated or assigned by Seller without the prior written consent of Buyer, and any purported assignment without such consent shall be void. Buyer may assign any of its rights under these terms upon written notice thereof to Seller.

14. EMPLOYMENT AND COMPLIANCE

For any purchase in the United States, there are hereby incorporated into these terms, the provisions of Executive Order 11246 of the President of the United States on Equal Employment Opportunity, as well as all subsequently issued Orders pertaining thereto and the Rules and Regulations issued thereunder. By acceptance of this contract, Seller represents that it will comply with such Executive Orders and Rules and all amendments thereto and Regulations thereunder, unless exempted. Seller warrants and certifies that in the performance of this contract it will comply with all applicable statutes, rules, regulations and orders of the United States, and of any state or political subdivision thereof, including all laws and regulations pertaining to labor, wages, hours and other conditions of employment and applicable price ceiling, if any; and that the articles delivered hereunder shall be produced in compliance with the Fair Labor Standards Acts of 1938 of the United States, as amended. For any purchase outside of the United States, Seller will comply with all corresponding laws of the applicable jurisdiction.

15. GIFTS

Seller shall not provide or offer any gifts, payments, gratuities or other inducements to any officer, employee or agent of Buyer for any purpose and shall ensure that no employee or agent of Seller offers any such gifts, payments, gratuities or inducements.

16. LABOR DISPUTES

Seller agrees that whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, Seller shall immediately give notice to Buyer and if the order relates to a Government contract, to the nearest Government representative concerned.

17. REMEDIES

Buyer's remedies contained in these Terms and Conditions shall be cumulative and supplemental to any other remedies in law or equity. No delay or failure of Buyer to exercise any rights under a purchase order, these terms and conditions or applicable law shall constitute a waiver of any of Buyer's rights. The invalidity in whole or in part of any condition of these terms and conditions shall not affect the validity of the other provisions of these terms and conditions.

18. RIGHT OF ACCESS

Seller shall provide a right of access to Buyer, its customers and relevant regulatory authorities to the applicable areas of all of Seller's facilities, at any level of the supply chain, involved in the fulfillment of the purchase order, and to all applicable records.

19. OPERATING MANUALS AND DRAWINGS

Seller will supply, at its own expense, proper operating, training, and maintenance manuals, drawings, and other documentation that is required for the use of the deliverables. Seller will provide, at its own expense, and in form, number and in time to comply with the terms, any designs, shop drawings, samples and mock-ups.

20. COMPLIANCE WITH LAWS AND REGULATIONS

Seller warrants and certifies that the performance of this purchase order will comply with all applicable statutes, rules, regulations and orders of the jurisdiction in which the purchase is made, including all laws and regulations pertaining to labor, wages, hours and other conditions of employment and applicable price ceilings, if any; and that the articles delivered pursuant to this purchase order, if delivered in the United States, shall be produced in compliance with the Fair Labor Standards Act of 1938 of the United States, as amended. Without limiting the foregoing, to the extent that the deliverables constitute hazardous materials or otherwise regulated substances, Seller agrees to comply with all applicable environmental statutes, rules, regulations and orders of the jurisdiction in which the purchase is made, including REACH (Registration, Evaluation, Authorisation and Documentation of Chemicals) regulations for purchases made within the European Union.

21. EXPORT CONTROL

Seller understands and agrees that all information disclosed, made available or provided herein is private, confidential, and proprietary. Furthermore, if Buyer specifically informs Seller that the information includes controlled technical data or technology under the Export Administration

Regulations (“EAR”) or International Traffic in Arm Regulations (“ITAR”), Office of Foreign Assets Control (“OFAC”), such information is subject to export control laws and regulations and the provisions of this Section 21. Seller agrees that it will not release, show, make available, disclose or deliver in any form or fashion all or any part of this information to any person who is not a U.S. Citizen, a lawful permanent resident of the United States (i.e., valid “Green Card” holder – a visa does not apply for this purpose), or who has received political asylum in the United States without first having determined whether it is lawful to do so under U.S. laws including the EAR, ITAR and OFAC. Further, Seller will not release, show, make available, disclose or deliver in any form or fashion all or any part of this information to any non-U.S. Person without having first obtained any necessary license or approval that may be required from the U.S. Department of Commerce, Department of State, Department of Treasury, or other agency, department or office. Seller agrees that if a license or other approval is necessary it will promptly advise Buyer in writing of its determination and confirm that it has not released any controlled technical data or technology and that it is seeking a license or other approval.

22. CONFLICT MINERALS POLICY

Buyer’s parent company, The Compass Group, has adopted a Conflict Minerals Policy (www.compassequity.com/corporate-governance.cfm) with the intention of preventing the purchase of 3TG Minerals (tin, tungsten, tantalum or gold) from its supply chain that originate in the conflict region (Democratic Republic of the Congo, Angola, Burundi, Central African Republic, Rwanda, South Sudan, Tanzania, Uganda and Zambia). Seller acknowledges having read and understood the Conflict Minerals Policy and agrees that it and any of its representatives will comply fully with the policy and all applicable conflict minerals rules.

23. CODE OF ETHICS

Buyer’s parent company, The Compass Group, has adopted a business ethics policy (www.compassequity.com/corporate-governance.coe) that applies to Buyer and each of its vendors. Seller acknowledges having read and understood the Ethics Policy and agrees that it and its representatives will comply fully with the policy.

24. GOVERNING LAW/VENUE

These terms shall be governed by and construed in accordance with the laws of the State of New York, in the case of purchases in the United States (without regard to its principles of conflicts of laws), by the laws of Switzerland in the case of purchases in Switzerland, or by the laws of the United Kingdom in the case of purchases made outside of the United States and Switzerland. No purchase orders issued by Buyer shall be governed by the provisions of the United Nations Convention on Contracts for International Sales of Goods. The parties agree that all actions or proceedings between them shall be tried and litigated only in the state and federal courts located in the County of Monroe, New York, in the case of purchases in the United States, in the courts of Zurich, Switzerland in the case of purchases in Switzerland, and in the courts of London, England in the case of purchases made outside the United States and Switzerland.

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