

R-S MATCO, INC.
GENERAL TERMS AND CONDITIONS OF PURCHASE

This Purchase Order Agreement (the "Agreement") is entered into as of the date as specified on the Purchase Order by and between Supplier and R-S Matco, Inc., a North Carolina corporation ("R-S Matco").

WITNESSETH:

WHEREAS, R-S Matco desires to purchase from Supplier, and Supplier desires to sell to R-S Matco, (the "Products") of the type and with the specifications set forth in the Purchase Order hereto on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

ARTICLE I
PURCHASE ORDER

1.1 Purchase Orders. R-S Matco shall submit written purchase orders for Products signed by a duly authorized representative of R-S Matco containing complete information including, but not limited to: (i) quantity, (ii) pricing, (iii) required delivery date(s), (iv) shipping instructions including shipping address and the name and contact information for the R-S Matco's contact person, and (v) product specifications. Unless otherwise agreed by the parties in writing in each instance, the terms and conditions of this Agreement shall apply to all purchase order forms and other forms or documents of purchase for Products hereunder (hereinafter collectively referred to as "Purchase Orders") whether or not this Agreement is expressly referenced in such Purchase Orders. Signed Purchase Orders delivered by mail, fax, PDF (portable document format), electronic mail or other electronic format, shall be considered to be "in writing" for purposes of this Section 1.1. All Purchase Orders are subject to acceptance by Supplier to be evidenced by Supplier's written acknowledgement and confirmation; provided, however, that if Supplier fails to deliver an acknowledgement and confirmation within 2 business days, the Purchase Order shall be deemed to have been accepted.

1.2 Modification. R-S Matco shall have the right to make changes and/or additions to this Purchase Order. If such changes cause a material change in Supplier's costs or time to complete, then equitable adjustment in price and/or delivery shall be permitted upon mutual agreement between Supplier and R-S Matco.

1.3 Terms and Conditions. The terms and conditions of this Agreement shall apply to all Purchase Orders issued by the R-S Matco to Supplier pursuant to this Agreement.

UNLESS OTHERWISE SPECIFICALLY ACCEPTED PURSUANT TO SECTION 1.2 ANY ADDITIONAL OR DIFFERENT TERMS AND CONDITIONS OF SALE CONTAINED IN ANY ORDER, ACKNOWLEDGEMENT, CONFIRMATION, OR OTHER FORM OF COMMUNICATION ARE EXPRESSLY REJECTED AND DO NOT UNDER ANY CIRCUMSTANCES BECOME PART OF ANY CONTRACT OF SALE.

ARTICLE II
DELIVERY AND ACCEPTANCE

2.1 FOB Point of Shipment. Unless otherwise specified on the Purchase Order, delivery terms for all Products sold and purchased under this Agreement shall be FOB Shipping Point, or Incoterms 2010 DDP, as the case may be. Products shall be deemed to be sold and delivered and title and risk of loss will pass to R-S Matco when the Products are physically tendered to R-S Matco's domestic carrier in accordance with FOB terms of this Section 2.1. Supplier shall make no shipments in advance of a R-S Matco specified shipping date without the prior written approval of R-S Matco.

2.2 Permits and Approvals. Supplier shall be solely responsible for obtaining all appropriate import permits and approvals at its sole expense.

2.3 Inspection, Acceptance, and Rejection. R-S Matco shall have a period of 30 days to inspect the Products after delivery to final destination. R-S Matco may reject any Products that do not conform to the Product specifications set forth in the Purchase Order by delivering written notice of rejection to Supplier before the end of the foregoing inspection period. R-S Matco shall return or dispose of all rejected Products in accordance with Supplier's reasonable instructions and at Supplier's expense.

ARTICLE III
PAYMENT TERMS

3.1 Invoices. Supplier shall render its invoices upon delivery of each order in accordance with shipping terms as defined in Section 2.1. Invoices must include: (i) the invoice number and date; (ii) purchase order number; (iii) itemization of specific Products provided by the Supplier; (iv) an itemization of unit pricing that agrees with Purchase Order; (v) a total invoice amount; (vi) a packing list; (vii) a Bill of Lading; (viii) and Material Test Reports, if applicable.

3.2 Payment Terms. Full payment shall be due from R-S Matco within 45 days of the date of R-S Matco's actual receipt of the Supplier's invoice packet as defined in Section 3.1.

3.3 Taxes. The price stated in this order is inclusive of all federal, state, and local sales, use, excise, value added, or other taxes which may be charged against this order, including any and all import and export duties which may be payable. Supplier is responsible for liability, payment and all filings required by law associated with aforementioned taxes and duties.

ARTICLE IV
WARRANTY; LIMITATION OF LIABILITY

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4.1 Supplier's Warranties. Supplier warrants the Material (i.e., material, articles or services of any nature) furnished hereunder (a) to be free from defects in labor, material of fabrication, (b) to conform to applicable specifications, drawings, samples or other descriptions given, (c) to be suitable for the purpose intended, (d) to be of merchantable quality and further warrants that Material of Supplier's design will be free from defects in design. This warranty, and any extended warranty from the Supplier's suppliers as it relates to the Material, shall survive any inspection, testing, and use by R-S Matco, its successors, assigns and customers and the users of its products. The Supplier agrees to replace or correct promptly without expense to the R-S Matco, any Material not conforming to the foregoing requirements, when notified by the R-S Matco pursuant to Section 2.3. In the event of failure of the Supplier to correct or replace Material as required herein, R-S Matco may correct or replace such Material and charge the Supplier the cost thereof. The length of this warranty shall be a minimum of one (1) year unless otherwise set forth in any specifications agreed upon.

4.2 Transferability of Warranties. The warranties provided by Supplier in this Agreement are transferable.

ARTICLE V
INDEMNITY; INSURANCE

5.1 Indemnification of Supplier. R-S Matco will indemnify and hold Supplier, its affiliates, employees, agents, contractors officers and directors harmless from and against any and all actual or alleged liability, demands, suits, damages, penalties, settlements, losses, claims, costs or expenses (including, but not limited to, reasonable attorneys' and other fees and costs) arising out of: (i) any claim of infringement by any third party of any patents or trademarks or any claimed violation of other intellectual property rights of any third party arising by virtue of or in connection with Supplier's manufacture or sale of the Products to the extent arising out of any Product specifications of R-S Matco; and (ii) any breach of this Agreement by the R-S Matco. In the event that R-S Matco fails to defend against any third-party claim, Supplier may defend against, settle or otherwise deal with any such claim in such manner as it may in its good faith discretion deem appropriate, and, to the extent provided in this Section 5.1, R-S Matco shall be liable for indemnification with respect to such matter, including, without limitation, any legal expenses reasonably incurred in connection with such defense.

5.2 Indemnification of R-S Matco. Supplier will indemnify and hold R-S Matco, its affiliates, employees, agents, contractors officers and directors harmless from and against any and all actual or alleged liability, demands, suits, damages, penalties, settlements, losses, claims, costs or expenses (including, but not limited to, reasonable attorneys' and other fees and costs) arising out of: (i) any claim of infringement by any third party of any patents or trademarks or any claimed violation of other intellectual property rights of any third party arising by virtue of or in connection with Supplier's manufacture or sale of the Products to the extent not arising out of any Product specifications of R-S Matco; (ii) any actual or alleged negligence, strict liability, products liability, any claim in tort or contract, or any other claim for loss or damage (including, but not limited to, personal or bodily injury, death, or property damage) arising from, caused by, related to, or in any way involving the design or use of the Products, or any actual or alleged defect, latent or patent, in the Products; (iii) any breach of this Agreement by Supplier; and (iv) any gross negligence, willful misconduct by Seller its agents or employees in the performance of this Agreement. In the event that the Supplier fails to defend against any third-party claim, R-S Matco may defend against, settle or otherwise deal with any such claim in such manner as it may in its good faith discretion deem appropriate, and, to the extent provided in this Section 5.2, Supplier shall be liable for indemnification with respect to such matter, including, without limitation, any legal expenses reasonably incurred in connection with such defense.

5.3 Other. Notwithstanding anything contained in this Agreement to the contrary, Section 5.1 and Section 5.2 shall survive any termination of this Agreement and shall not lapse. If any third party makes any claim or brings any action, suit or proceeding (a "Third Party Claim") against person who makes a claim for indemnification under this Article V ("Indemnitee") with respect to which the person against whom the Indemnitee makes a claim for indemnification under this Article VI ("Indemnitor") may have liability, the Indemnitee must promptly notify the Indemnitor in writing of the Third Party Claim and deliver to the Indemnitor a copy of the claim, process, and all legal pleadings with respect to the Third Party Claim. Receipt of this notice is a condition precedent to the Indemnitor's liability with respect to the Third Party Claim. If an Indemnitor wishes to assume the defense of the Third Party Claim, it shall do so by sending notice of the assumption to the Indemnitee. The Indemnitor's assumption of the defense acknowledges its obligation to indemnify. Promptly after sending the notice, the Indemnitor shall choose and employ independent legal counsel of reputable standing. After sending the notice, the Indemnitor is entitled to contest, pay, settle or compromise the Third Party Claim as it determines; provided, however, that if an Indemnitor assumes the defense of a Third Party Claim, it may not affect any compromise or settlement of the Third Party Claim without the consent of the Indemnitee, and the Indemnitee has no liability with respect to any compromise or settlement of any Third Party Claim effected without its consent.

5.4 Insurance. The Supplier shall maintain at Supplier's expense such Public Liability, Property Damage, Automobile Liability and Employer's Liability and Compensation Insurance as will protect the Purchaser from the aforesaid risks and from any claim under any applicable Workmen's Compensation and Occupational Disease Acts. Supplier agrees to submit certificates of insurance evidencing his insurance coverage when requested by R-S Matco and Supplier further agrees to increase the limits of his coverage at his expense when, in R-S Matco's opinion, existing coverage is not adequate.

ARTICLE VI

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TERMINATION AND SUSPENSION

6.1 **Termination.** A Purchase Order may be terminated under the following conditions:

6.1.1 R-S Matco may terminate or suspend a Purchase Order, in whole or in part, for its convenience upon written notice to Supplier. Equitable and reasonable amounts for all Product delivered and received, and work satisfactorily performed by Supplier up to termination or suspension, shall be payable to Supplier to the extent such amounts directly result from such termination or suspension. **IN NO EVENT SHALL SUPPLIER BE ENTITLED TO LOST OPPORTUNITY COSTS, UNABSORBED OVERHEAD, ANTICIPATED PROFITS, OR LIQUIDATED DAMAGES OF ANY KIND AS A RESULT OF TERMINATION OR SUSPENSION AND IN NO EVENT SHALL TERMINATION OR SUSPENSION CHARGES EXCEED THE AMOUNT OF SAID PURCHASE ORDER.**

6.1.2 A party hereto may terminate a Purchase Order upon ten (10) days' prior written notice to the other party in the event of a breach of a covenant, warranty or representation hereunder or a material default in the performance of a party's obligations hereunder described in reasonable detail in the notice, which is not substantially remedied within the 10-day period following such notice.

6.1.3 A party hereto may terminate a Purchase Order immediately upon written notice to the other party hereto if a party shall (i) apply for or consent to the appointment of a receiver, trustee, custodian, intervener or liquidator of itself or of all or a substantial part of its assets, (ii) file a voluntary petition in bankruptcy, (iii) admit in writing that it is unable to pay its debts as they become due or generally not pay its debts as they become due, (iv) make a general assignment for the benefit of creditors, (v) file a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy or insolvency laws, (vi) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or (vii) take corporate action for the purpose of effecting any of the foregoing.

6.1.4 A party hereto may terminate a Purchase Order immediately upon written notice to the other party hereto if a party shall have an involuntary petition or complaint filed against it a petition or complaint seeking bankruptcy relief or reorganization or the appointment of a receiver, custodian, trustee, intervener or liquidator of the party, or all or substantially all of its assets, and such petition or complaint shall not have been dismissed within thirty (30) days of the filing thereof or an order, order for relief, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority approving or ordering any of the foregoing actions.

6.2 **Survival.** The following provisions of this Agreement shall survive termination or expiration of this Agreement: Sections 1.3, 3.2, 3.3, 6.2, and Article IV, Article VII, Article VIII and Article IX. Neither termination nor expiration of this Agreement shall relieve either party from the duty to discharge in full all obligations accrued or due prior to the date thereof.

ARTICLE VII
FORCE MAJEURE

7.1 **Force Majeure.** Either party's default under this Agreement shall be excused in the event, to the extent and only during the period that same arises from or is incident to unforeseen causes beyond such party's control not resulting from its fault or negligence, including, but not limited to, fires, embargoes, or other outbreak of hostilities, labor strikes, war, acts of terror, acts of federal, state and municipal or other government or governmental agency, or by accident, machinery breakdowns occurring despite ordinary maintenance, delays of carriers or suppliers, public emergency, acts of God, or any other cause beyond the reasonable control of the defaulting party.

ARTICLE VIII
CONFIDENTIALITY

8.1 **Nondisclosure Obligation.**

8.1.1 Except as otherwise required by law, a party hereto to whom disclosures of Confidential Information (defined below) are made (each a "Recipient") by the other party shall not, and the Recipient shall cause each of its directors, officers, employees, agents, and representatives (collectively, the "Representatives") not to: (i) disclose Confidential Information to any person or entity other than the Representatives of the Recipient that (A) need to know the Confidential Information for the purposes contemplated by this Agreement; and (B) agree to be bound by the provisions of this Article VIII; or (ii) use Confidential Information for any purpose other than the purposes contemplated by this Agreement.

8.1.2 "Confidential Information" means (i) all information relating to the party that is not the Recipient or its business (whether provided in writing or otherwise) that has been provided or shown to the Recipient or any of its Representatives by or on behalf of that party or any of its Representatives; and (ii) all notes, analyses, compilations, studies, and other materials containing any such information.

8.1.3 The term Confidential Information excludes information that (i) is or becomes a matter of public record through no fault of Recipient or its Representatives; (ii) can be shown, by credible evidence, to have been legally disclosed to Recipient by a third party without restrictions as to disclosure; (iii) can be shown, by credible evidence, to have been independently developed by a party without use of or reference to any Confidential Information of the other party; or (iv) can be shown, by credible evidence, to have been known to Recipient prior to disclosure by the disclosing party.

8.1.4 Promptly upon the written request of the other party hereto, the Recipient shall, and shall cause its Representatives to, return to the requesting party or destroy all of such party's Confidential Information provided hereunder. If the Recipient

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destroys Confidential Information, it shall certify that it has done so in writing and promptly deliver such certification to the other party.

ARTICLE IX
EXPEDITING

9.1 **Time is of essence.** Supplier agrees to comply with specific delivery schedule as set forth in the Purchase Order to provide R-S Matco expediting reporting as requested by R-S Matco. Any changes in delivery date will be reported to R-S Matco immediately. R-S Matco may cancel this order with no incurrence of any costs, charges, or penalties, notwithstanding provisions of Article VI, if delivery date cannot be met due to Supplier's, or Supplier's sub-contractors, suppliers, or agents, ability to perform under this order. R-S Matco may, with reasonable notice, suspend delivery schedules in the order. Should Supplier be unable to meet deliveries as accepted in the purchase documents, R-S Matco may, at its sole discretion, purchase the products elsewhere and Supplier shall be responsible for any additional costs of said purchase.

ARTICLE X
GENERAL PROVISIONS

10.1 **Assignment.** No party may transfer or assign any of its rights and obligations under this Agreement without the prior written consent of the other party

10.2 **Successors and Assigns.** If there is an assignment of rights under this Agreement, (i) a contemporaneous delegation shall be deemed to have occurred, (ii) the nonassigning party shall be deemed to have agreed to perform in favor of the assignee, and (iii) any successor or assign of the assignor shall be deemed to have assumed the assignor's performance obligations in favor of the nonassigning party.

10.3 **Delegation by Supplier.** Supplier shall not delegate or subcontract its obligations under this Agreement without the prior written consent of R-S Matco in each instance.

10.4 **Notices.** Either party giving any notice required or permitted under this Agreement shall give such notice in writing or other acceptable business communication to parties as identified in the Purchase Order.

10.5 **Entire Agreement.** This Agreement, contains all the agreements, understandings, representations, conditions, warranties and covenants made between the parties hereto regarding the subject matter of this Agreement. Unless set forth herein, neither party shall be liable for any representations made, and all modifications and amendments hereto must be in writing.

10.6 **Severability.** The validity, illegality or unenforceability of any one or more provisions of this Agreement shall in no way affect or impair the validity, legality or enforceability of the remaining provisions hereof, which shall remain in full force and effect.

10.7 **No Joint Venture.** This Agreement does not constitute either party an agent, partner, joint venturer, employee or legal representative of the other party for any purpose whatsoever.

10.8 **Amendments.** The parties may amend this Agreement, only by a written agreement of the parties that identifies itself as an amendment to this Agreement.

10.9 **Jurisdiction.** Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement shall bring the legal action or proceeding in the state and federal courts for Stanly County, North Carolina. Each party waives, to the fullest extent permitted by law, (i) any objection that it may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Agreement brought in any state and federal courts for Stanly County, North Carolina, and (ii) any claim that any action or proceeding brought in any court specified in this Section 10.9 has been brought in an inconvenient forum. Each party to this Agreement submits to the exclusive jurisdiction of the state and federal courts for Stanly County, North Carolina.

10.10 **Controlling Law.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of North Carolina, without giving effect to its conflict of laws principles.

10.11 **Counterparts.** This Agreement may be executed and delivered simultaneously and by facsimile or other electronic means and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.12 **No Third Party Beneficiary.** The terms and provisions of this Agreement are intended solely for the benefit of each of the parties hereto and their respective successors or permitted assigns, and, except as expressly provided in Article V, do not confer third party beneficiary rights upon any other person.