

ORCHID INTERNATIONAL MASTER TERMS AND CONDITIONS

1) Acceptance and Terms and Conditions. The purchase of goods identified on purchase orders submitted in conjunction with these Master Terms and Conditions ("Products") hereunder is conditioned upon the terms and conditions of this Master Terms and Conditions agreement ("Terms"). These Terms shall apply and are incorporated into every subsequent purchase order until superceded by later terms and conditions issued by Buyer. No other terms or conditions including, without limitation, Supplier's standard printed terms and conditions, on Supplier's proposal, order acknowledgment, invoice or otherwise, will have any application to any purchase between Buyer and Supplier unless specifically accepted in writing by Buyer.

2) Buyer's Commitment. Unless otherwise specifically agreed to in writing by Buyer, Buyer shall not be responsible for any of Supplier's material commitments or production arrangements. Supplier shall be solely responsible for managing its' own inventory with respect to Products purchased and sold hereunder.

3) Pricing.

(a) Product Pricing is based on the currency of the Buyer's invoicing location and in accordance with the exchange rate of the date of payment. U.S. dollars for Buyer's U.S. location(s) and Canadian dollars for Buyer's Canadian location(s).

(b) Prices are not subject to increase for the duration of the purchase order. No charges or price increases of any kind shall be allowed unless specifically agreed to by Buyer in writing.

(c) Supplier warrants that it is selling Products to Buyer at the lowest or most favorable prices that it offers substantially similar products to other buyers.

(d) If during the term of the purchase order, Buyer receives a bona fide offer from another supplier to supply any Product at a price below that in effect for the Products purchased under the purchase order and Buyer presents reasonable evidence to Supplier then Supplier will meet the price for the Product for the duration of purchase order or if Supplier fails to meet such price, then Buyer, shall have the right to purchase the Product from the other supplier, as well as the right, but not the obligation, to terminate the purchase order without liability.

(e) The prices set forth on this purchase order include all applicable federal, state and local taxes, if any, whether or not such taxes are set forth separately on invoices to Buyer. If any manufacturer's excise or other similar or different tax is included in or added to prices paid to Supplier for the goods sold to Buyer hereunder and if such tax, or any part hereof, is hereafter refunded to Supplier, then Supplier shall immediately reimburse Buyer the amount as such.

4) Termination Without Cause. In addition to any rights under these Terms, Buyer reserves the right to cancel all or any part of the purchase order without cause by written notice to Supplier. Upon such termination, Buyer shall not incur any further cost or liability to Supplier except for Products delivered previously pursuant to the purchase order.

5) Termination for Cause. Should Supplier (i) become unable to pay its debts as they mature, or become in any way the subject of a bankruptcy petition, (ii) have a change in ownership or management that Buyer deems to be adverse to Buyer, and/or (iii) materially default in the performance of any provision of the purchase order, Buyer may in its discretion terminate the purchase order for "cause" by giving Supplier written notice thereof. If Supplier corrects the cause giving rise to the notice to the satisfaction of Buyer within five (5) business days after notice, Buyer may void the termination. In the event Buyer terminates the purchase order

pursuant to this Section 5, Buyer shall have all rights and remedies available under law and equity.

6) Inspections. Buyer shall have the right to reject any nonconforming Products and Supplier shall assume title and risk of loss of all nonconforming Product and shall promptly reimburse Buyer for all costs incurred by Buyer as a result of such rejection of nonconforming Products. Payment for Products delivered or inspection by Buyer shall not constitute acceptance of the Products and shall not relieve Supplier of its warranty or other obligations hereunder. If required, Buyer reserves the right for on-site verification of the Supplier's Product and/or processes. Failure of Buyer to inspect any Product shall not be construed as a waiver of the Buyer's right to reject any such Product as nonconforming goods.

7) Warranties. Supplier warrants that all Products sold to Buyer will be (i) free of any claim of any nature by any third person and that Supplier shall convey clear title to Products to Buyer, (ii) of merchantable quality free from all defects in design, workmanship and materials, and shall be fit for the particular purposes for which they are purchased, (iii) in compliance with all applicable laws, rules and regulations, and (iv) manufactured and provided in strict accordance with the specifications, designs, drawings, or other requirements including performance specifications. The warranties set forth in this Section 7 shall extend for a time period equal to timeframe extended by Buyer to its customers for units in which the Products are used ("Buyer's Units"). The warranties contained in this Section are in addition to and are not be construed as restricting or limiting any warranties or remedies of Buyer, express or implied, which are provided by these Terms or law. Any attempt by Supplier to limit, disclaim or restrict any such warranties or remedies of Buyer, in any manner whatsoever shall be null, void, and ineffective. Inspection, test, acceptance, or use of the Products in Buyer's Units shall not affect the Supplier's obligation under this warranty, and shall survive such inspection, test, acceptance, and use. Upon notice from Buyer that a good supplied hereunder failed within the warranty timeframe, in addition to any rights or remedies Buyer may have under these Terms or at law, Supplier shall reimburse Buyer for all direct or indirect costs incurred by Buyer as result of such failure including all repair and replacement costs and Supplier shall replace such defective good at no cost to Buyer. Warranty failures shall be returned to Supplier at Supplier's expense and at Buyer's discretion. This provision shall survive termination or expiration of any purchase order or supply agreement.

8) Supplier Changes. Supplier shall not make any changes in the specifications, physical composition of, suppliers or subcontractors of, or processes used to manufacture the Products hereunder without Buyer's prior written consent. If any portion of the Products are provided by, or treated by, third parties prior to Supplier delivering such Products to Buyer, then any change in such third parties used by Supplier shall require Buyer's approval.

9) Assignment. Unless Buyer has provided prior written consent, any partial or complete assignment by Supplier of right(s) or delegation of obligation(s), including subcontracting, shall be void. Notwithstanding any permitted assignment, such assignment shall not relieve Supplier of its obligations and liabilities hereunder.

10) Confidentiality. In connection with supplying the Product to Buyer, the Supplier may be presented with trade secret and other confidential information relating to the Buyer or its processes, products or operations which the Buyer has not authorized to be released to the public, including, without limitation, drawings,

designs, specifications, financial information relating to the Buyer and the purchase price being paid by Buyer for Products ("Confidential Information"). Supplier will keep all Buyer Confidential Information confidential and will not disclose such Confidential Information to any third party or use such Confidential Information for any purpose other than providing Products to Buyer in accordance with these Terms and Conditions without the Buyer's prior written consent. This provision shall survive termination or expiration of the purchase relationship.

11) Delivery and Delays. Specific requirements regarding delivery and packaging of Products shall be detailed in a purchase order or supply agreement. Delivery is not complete until Products have been actually received and accepted by Buyer as set forth herein. **TIME IS OF THE ESSENCE WITH RESPECT TO DELIVERY UNDER THESE TERMS.** If, for any reason, Supplier anticipates difficulty in complying with a required delivery date or meeting any other requirements of a purchase order or supply agreement, Supplier shall immediately notify Buyer. If Supplier does not comply with Buyer's delivery requirements, in addition to such other rights and remedies it may have, Buyer may, in its sole discretion, (i) require delivery by the fastest way to meet the delivery dates in any purchase order or release at the sole expense of Supplier, (ii) submit a revised purchase order or release or (iii) terminate any purchase order or release without liability to Supplier. Supplier shall be liable to Buyer for all reasonable costs incurred by Buyer. This provision shall survive termination or expiration of any purchase order or supply agreement.

12) Indemnification. Supplier shall indemnify, defend and hold Buyer, and its officers, directors, employees and agents (collectively the "Indemnities") harmless from and against any and all damages, claims, losses, expenses, costs, obligations, liabilities, including without limiting the generality of the foregoing, liabilities for attorney's fees suffered directly or indirectly by an Indemnitee (including amounts paid by Indemnitee to settle any such claims) by reason of, or arising out of (i) any breach of any representation or warranty made by Supplier, (ii) any failure by Supplier to perform or fulfil any of its covenants or agreements or (iii) any litigation, proceeding or claim by any third party relating in any way to the obligations of Supplier. Supplier shall not consummate any settlement without an Indemnitee's prior written consent. Supplier's covenants of indemnity herein will continue in full force and effect notwithstanding the termination or expiration of any purchase order or supply agreement. In any claim against an Indemnitee by an employee of Supplier or any subcontractor or anyone directly or indirectly employed by any of them or anyone whose acts they may be liable, the indemnification obligations set forth in this Section shall not be limited in any way by or for Supplier or any subcontractor under any applicable worker's compensation laws, disability or other employee benefit laws. This provision shall survive termination or expiration of any purchase order or supply agreement.

13) Patents. Supplier warrants that all Products sold hereunder do not infringe any patents or intellectual property rights of any third party.

14) Use of Name; Advertising. Supplier shall not use Buyer's name, logo, trademark or any other proprietary information for any purpose whatsoever, including but not limited to any advertising, without the express prior written approval of Buyer.

15) Liens. Supplier shall pay for all labor, services, materials, equipment, parts, and other expenses incurred by it in connection with meeting Supplier's obligations, and shall indemnify and defend and hold Buyer harmless against all

claims and liens arising out of Supplier's unpaid accounts. This provision shall survive termination or expiration of any purchase order or supply agreement.

16) Freight Terms. Unless otherwise agreed to by the parties, freight terms shall be F.O.B. Supplier.

17) Export/Import. For each international shipment, Supplier shall include a priced invoice with the master packing slip and upon request shall furnish all other required export/import documents. Export credits shall belong to Buyer. Supplier, upon request, shall furnish all documents required to obtain export credits and custom drawbacks and shall identify the country of origin of the material used in these goods and the value added thereto in each country.

18) Invoices. Supplier agrees that all invoices or receiving documentation supplied by Supplier must contain the following information: Control number, PO number, good or item number, description of each good or item, sizes, quantities, and unit prices, a statement that the invoice is subject to the Buyer's Master Terms and Conditions and any other information as requested by Buyer.

19) Buyer's Property. All tools, gauges, dies, fixtures, and patterns furnished by Buyer, or which Buyer specifically authorizes Supplier to acquire for work on this order, shall be the property of Buyer. They shall be marked in such a manner as to clearly and conspicuously document that they are property of the Buyer. They shall be listed and maintained in suitable condition to do the work by and at the expense of the Supplier, and returned to Buyer at any time upon request, F.O.B. Supplier's plant. Supplier shall maintain adequate insurance on the above and furnish a certificate of insurance to Buyer if Buyer so requests.

20) Set-Off. Buyer shall have the right at all times to set off any amount owing from Supplier to Buyer.

21) Quality Improvement. Supplier agrees to participate in Buyer's quality initiatives, as reasonably requested by Buyer, and to devote sufficient resources thereto.

22) Buyer's Changes. Buyer shall have the right to request changes of any kind to any purchase order or release. If such requested change causes a material increase or decrease in Supplier's costs required to perform Buyer's requested change, Supplier shall immediately notify Buyer in writing and an agreed upon equitable adjustment shall be made. Supplier shall not implement such change request until such time as resolution of any adjustment occurs.

23) Waiver. These Terms cannot be rescinded, modified or waived except in writing, signed by an authorized representative of Buyer.

24) Governing Law. These terms and any purchase between Buyer and Supplier shall be construed and enforced according the laws of the State of Tennessee excluding its "choice of law" or "conflict of law" rules. Any claims arising as a result of or with respect to these Master Term and Conditions or the Purchase Order(s) to which they apply shall be brought exclusively in a court of competent jurisdiction in Williamson County, Tennessee.

25) Entire Agreement. These Terms, along with any accompanying purchase order, release or supply agreement set forth the entire and only agreement

between the parties regarding the subject matter and supersede any and all prior or contemporaneous agreements, understandings, or proposals whether written or oral, between the parties.

26) Payment Terms. Payment terms shall be Net 60 days from date of invoice with individual shipment billing by location. Buyer may, at Buyer's option, make payment by bank transfer payable to a designated EFT or wire address, with Supplier solely responsible for any fees or charges associated with this form of payment.

27) Design, Manufacturing and Intellectual Property Rights. Supplier agrees that where Supplier undertakes activity of a research, development and/or design nature using information provided by Buyer, Buyer shall own all rights in any resulting work product, including without limitation all know-how, trade secrets, copyrights and other forms of intellectual property and Supplier shall take all necessary steps to ensure that Buyer obtains full legal title in and to said rights.

28) Tooling Design and Development Rights. If this purchase order is for the design and production of molds, dies or tooling, Supplier shall disclose and does hereby assign (and shall take all actions necessary to evidence such assignment), to the Buyer, on a royalty-free basis, any and all inventions, improvements or developments, each whether patentable or not, which Supplier may make or assist in making in the course of such development. Supplier assigns to the Buyer, all patents and applications for patents in connection with any such invention, improvement or development and to cause every appropriate person employed by or associated with it to enter into an agreement under which such person shall disclose and assign to Supplier or Buyer all inventions and execute all papers and do all acts deemed necessary by Supplier or Buyer relative to assignment and patent protection of such inventions. In addition, all information, ideas, results and data developed by Supplier as a result of developmental work contemplated by this purchase order shall be transmitted by Supplier to Buyer and shall become the exclusive property of Buyer, and shall be regarded by Supplier as confidential and not be divulged to any third party or employee by Supplier otherwise than in connection with this order. Supplier hereby warrants that it is free to enter into this agreement and has no obligations or requirements under any other agreement contrary to any of the terms and conditions contained herein.

29) Tooling Warranty. If this purchase is for the design and/or production of dies or tooling, Supplier agrees to cooperate with Buyer or its agents to determine the maximum possible speed that the tooling or dies are capable of running. In addition to the other warranties set forth in these Terms and Conditions, Supplier warrants that the tooling or dies delivered pursuant to this purchase order shall be capable of running at such speed.

30) Spare Parts. Supplier agrees to furnish functional components for a period of ten (10) years from end of the term of the Agreement at the lowest price at which Supplier sells such parts. Supplier shall not sell Buyer designed parts to any entity other than the buyer, without Buyer's prior written approval.

31) Environmental, Health and Safety Handbook. Supplier / Contractor is responsible to review and adhere to the Environmental, Health and Safety Handbook prior to on-site presence. Handbook can be requested or located at www.orchidinternational.com/html/suppliers.html

32) Supplier Requirements Manual. Supplier is responsible to review and adhere to the Supplier Requirements Manual located at www.orchidinternational.com/html/suppliers.html