

HANNES PRECISION INC. STANDARD TERMS AND CONDITIONS

1. CONTRACT:

This Purchase Order contains the complete and final agreement between HPI. and the Seller. Reference to Seller's bids and proposals, if noted in this Order, shall not affect terms and conditions hereof unless specifically provided to the contrary herein, and no other agreement or quotation in any way modifying any of said terms and conditions will be binding upon HPI. unless made by an HPI authorized representative.

2. PRICING:

The buyer shall be billed at the price authorized by the order entry only. The seller represents that the price charged for the items covered by this order is the lowest price charged by the Seller to Buyer purchasing in quantities and under circumstances comparable to those specified in this order. The Seller further represents that the price charged for the items covered by this order are not higher than the aforesaid lowest price. Any price reduction made by Seller with respect to item(s) covered by this order subsequent to the placement of this order and prior to Buyer's receipt of the item(s) covered by this order shall apply to this order.

3. INVOICES:

An invoice must be issued for each separate shipment with all freight charges and taxes itemized. No over shipment of the quantity on the order shall be permitted. HPI may, at its option, elect to return any over shipment at the Seller's Expense including all freight and handling costs. Any discount for prompt payment shall be calculated on the date of receipt o the material or invoice, whichever is later.

4. QUALITY:

All material is subject to HPI inspection and approval within reasonable time after delivery. If specifications are not met, material may be returned at the Seller's expense and risk all damages incidental to the rejection. Payments shall not constitute an acceptance of the material nor impair HPI rights to inspect or any of its remedies.

5. DELIVERY:

A timely delivery is essential to this order. Any delay may cause irreparable harm to HPI through loss of production, design delays, and possible contract termination by its customer. The seller shall perform diligently in the timely compliance with this order and shall, at his sole expense authorize premium time, expedited shipments, express or courier deliveries as necessary or as requested by HPI in order to fulfill the obligations of the Seller under this order. If the Seller has reason to believe that a delay in delivery is anticipated, the Seller must give immediate notice to HPI setting forth the cause and expected extent of the anticipated delay. Any failure to give notice by the Seller for whatever cause shall be termed a default in delivery as defined above.

6. TAXES:

The seller agrees to pay any taxes imposed by law upon or on account of the material ordered hereunder unless otherwise agreed.

7. GIFTS:

The seller shall not make or offer gifts or gratuities of any type to HPI employees or members of their families. Such gifts or offerings may be construed as Seller's attempt to improperly influence our relationship.

8. COMPLIANCE WITH LAWS AND REGULATIONS:

The Seller agrees at all times to comply with all applicable Federal, State and Local laws, rules and regulations.

9. PACKING AND SHIPPING:

Shipments must be packaged according to specifications (if applicable) to permit efficient handling. Damage from improper packaging will be charged to the Seller. All containers, packing slips, bills of Lading and invoices must list this purchase order number.

10. TERMINATION:

HPI may terminate this order in whole or in part at any time in the manner specified under termination notice as long as the material has not been already shipped.

11. TERMINATION NOTICE:

Upon written or verbal communication with the Seller, HPI may terminate the order effective the date of this communication at no additional charges, provided the material has not been shipped.

12. NOTICE OF LABOR DISPUTES:

Whenever the Seller has knowledge that any actual or potential labor dispute is deploying, or threatens to delay the timely performance of this order, Seller shall immediately give written notice thereof, including all relevant information with respect thereto to the Buyer. The seller agrees to insert the substance of this clause including this sentence, in any subcontract hereunder.

Supplier Name

Signature

Title

Date