

## CONDITIONS

1. Acceptance of Contract. Madico shall not be bound by this purchase order until seller executes and returns to Madico the acknowledgement copy to the Purchase Order. Seller shall be bound by this Purchase Order and its terms and conditions when it executes and returns the acknowledgement or when it delivers to Madico any of the items ordered or renders for Madico any of the services ordered herein. No contract shall exist except as herein above provided.
2. Amendment. No agreement or understanding to modify this contract shall be binding upon Madico unless in writing and signed by Madico's authorized agent. All specifications, drawings, and data submitted to seller with this purchase order are hereby incorporated herein and made a part hereof.
3. Changes. Madico reserves the right at any time to make changes in any one or more of the following: (a) Specifications, drawings and data incorporated in this contract where the items to be furnished are to be specially manufactured for Madico; (b) Methods of shipment or packing; (c) Place of delivery; and (d) Time of delivery. If any such change causes an increase or decrease in the cost of or the time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both. Any Claim by Seller for adjustment under this cause shall be deemed Waived unless in writing within 10 (ten) days from receipt by Seller of the change. Price increases or extensions of time for delivery shall not be binding on Madico unless evidenced by a Purchase Order Change Notice issued and signed by Madico.
4. Waiver. No claim or right arising out of a breach of the provisions hereof can be discharged in whole or in part by a waiver or a renunciation of the claim or right unless the waiver is in writing signed by the aggrieved party. Failure by Madico to insist upon strict performance shall not constitute a waiver of any of the provisions of this Purchase Order or a waiver of any default.
5. Deliveries. Madico's production schedules are based upon Seller's agreement that items will be delivered to Madico by the date specified in this Purchase Order. Time is of the essence in this contract. If Seller fails to make deliveries or perform the services at the time agreed upon, or performs the work hereunder in such a fashion as endangers its ability to make timely deliveries or to render timely performance of services, Madico reserves the right, without liability, in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller as to stated items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and to hold the Seller accountable to any other additional costs or damages incurred by Madico. Any provision herein for delivery of articles or the rendering of services in installments shall not be construed as making the obligations of the Seller severable. Shipment sent C.O.D. without Madico's written consent will not be accepted. Madico reserves the right to refuse deliveries made in advance of the delivery date appearing on the face hereof. Delivery shall not be deemed complete until the goods are received and subsequently accepted by Madico, notwithstanding any agreement of Madico to pay transportation charges. Whenever any delay (or any threatened delay) in delivery foreseen by Seller. Seller shall immediately notify Madico of such threatened or actual delay, but any such notice will not affect any rights of Madico hereunder. Risk of loss or damage in the course of delivery shall be upon the Seller until the goods are inspected and approved at Buyer's destination, unless otherwise provided herein.
6. Inspection. Items purchased hereunder are subject to inspection and approval at Madico's destination. Any inspection or approval at Seller's works or elsewhere during or after manufacture, whether or not such inspection or approval be provided for by the terms of this Purchase Order, shall be provisional only and shall not constitute final acceptance or be construed as a waiver of the foregoing right of inspection and approval or rejection after receipt of the items by Buyer. Madico reserves the right to reject and refuse acceptance of items which are not in accordance with the instructions, specifications, drawings, and data or Seller's warranty (expressed or implied), or in Buyer's discretion, to require the correction or replacement of materials, workmanship or service, which are detecting or do not conform to the requirements of this Purchase Order. Madico will charge Seller for the cost of items rejected. Rejected items will not be resubmitted for acceptance without accompanying notice of their prior rejection. Rejected items shall continue to be deemed the property of Seller and shall be held for the Seller's disposition at the Seller's risk and expense or all Buyer's sole discretion, shall be returned to Seller freight collect, at Seller's risk, and any payment on account thereof will be promptly returned by Seller. Payment for any item shall not be deemed and acceptance thereof.
7. Shipping, Packaging, and Packing. Seller will comply with Madico's shipping and routing instructions on face of Purchase Order. All goods must be forwarded by the route and class of service taking the lowest transportation rate, (including rail, motor truck, express, parcel post and inland, inter-coastal or coast-wide vessel service) or in accordance with such special shipping instructions as may be issued by Buyer. Any losses accruing from deviation from Madico's routing instructions will be charged to Seller's account. Seller shall be responsible for safe packaging and packing. Seller shall separately number all cases, packages, and other containers showing the corresponding numbers of the invoices involved. An itemized packing slip, bearing Madico's Purchase order number, must be placed in each container; no charge shall be made for packaging, packing or storage unless stated on the face of this Purchase Order.
8. Invoices. Within 7 days after shipment, Seller shall forward to Madico the invoices involved, a copy of the packing slip and a bill of lading, express receipt, or parcel post receipt, all bearing Madico's Purchase Order number and signed by the carrier, evidencing the fact that shipment has been made.
9. Terms of Payment. Unless indicated otherwise in the face of this Purchase Order, invoices are due 30, 60, 90 days from date of acceptance of items by Madico with respect to items accepted. Cash discounts, if any will be according to those indicated on the face of this Purchase Order.
10. Price. Madico shall not be billed at prices higher than stated on this Purchase Order unless authorized in a writing issued and signed by Madico. Seller warrants that the price charged for the items or services covered by this Purchase Order is the lowest price charged by Seller to a class similar to Madico unless conditions similar to this specified in this Purchase Order and the prices comply with applicable government regulations in effect of time of quotation, sale or delivery. Seller agrees that any price reduction made in items covered by this Purchase Order subsequent to the placement of this Purchase Order will be applicable to this Purchase Order. Except as maybe otherwise provided in this Purchase Order, the price includes all applicable federal, state, and local taxes in effect on the date of this Purchase Order. In case of new taxes or increased rates for the repeal of taxes or the reduction of rates, the price shall be adjusted accordingly.
11. Warranty. By accepting this Purchase Order Seller hereby warrants that the terms and services to be furnished hereunder will be free from defects of materials and workmanship, in full conformity with Madico's specifications, drawings and data, or Seller's samples, and that items furnished hereunder will be fit for the use intended by Madico. Seller agrees that this warranty shall survive acceptance, inspection and delivery of the items and payment thereof. Said warranty shall be in addition to any warranties of additional scope given to Madico by Seller.
12. Buyer's Property. Unless otherwise agreed in writing, all special dies, molds, patterns, tools and other property furnished to Seller by Madico, all specifically paid for by Madico, shall be the property of Madico, shall be subject to removal at any time without additional cost upon demand by Madico, shall be used only for filling Purchase Orders from Madico, shall be held at Seller's risk for loss or damage, with the exception of normal wear and tear, and shall be kept insured by Seller, at Seller's expense while in its custody or control in an amount equal to the replacement cost thereof with loss payable to Madico: all such property shall be kept separate from all other property and shall be clearly identified as the property of Madico. Patent rights to all features of novelty therein are reserved by Madico.
13. Warranty Against Infringement. Seller warrants that the sale or use of goods of Seller's design or Seller's patents covered by this Purchase order alone, or in combination with other materials, will not infringe or contribute to the infringement of any patents or trademarks or copyrights either in the U.S.A. or foreign countries and Seller agrees to defend at its own expense, Madico and distributors and dealers in and users of the products of Madico, and to hold them harmless, with respect to any and all claims that the products or materials furnished by Seller under this Purchase order infringe any U.S. and/or foreign patent, landmark or copyright, and with respect to any and all suits, controversies, demands, and liabilities arising out of any such claim.
14. Indemnification. To the extent that Seller's agents, employees or subcontractors enter upon premises occupied by or under control of Madico, or any of its customers or supplies, in the course of the performance of this Purchase Order, Seller shall take all necessary precautions to prevent the occurrence of injury (including Death) to any person, or any damage to any property, arising out of any acts or omissions of such agents, employees or subcontractors, and except to the extent that any such injury or damages is due solely and directly to Madico's negligence, shall indemnify Madico against any loss, claim, damages, liability, expense (including reasonable attorney's fees) and cause of action whatsoever, arising out of any act or omission of Seller, its agents, employees, or subcontractors, and Seller shall maintain such Public Liability, Property Damage and Employee's Liability and Comprehensive Insurance as will, protect Madico from any of said risks and from any claims under any applicable Workmen's Compensation and Occupational Safety and Health Acts.
15. Assignment. Neither this Purchase Order nor any interest under it shall be assigned by Seller without the prior written consent of Madico, except that claims for monies due or to become due under this Purchase Order may be assigned by Seller without such consent, and subject to the provisions of this paragraph, Madico shall promptly be furnished with two signed copies of any such assignment. Payment to an assignee of any such claim shall be subject to setoff or counterclaim for any present or future claim or claims which Madico may have against Seller except to the extent that any such claims may be expressly waived in writing by Madico. Madico reserves the right to make direct settlements and/or adjustments in price(s) with Seller notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.
16. Setoffs and Counterclaims. All claims for monies due or to become due from Madico for any setoff or counterclaim arising out of this or any other of Madico's Purchase Orders with Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller.
17. Audit. Seller may maintain adequate records pertaining to the costs of performing the Purchase Order, in such detail as will accurately reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services for which payment is to be made hereunder. Such records shall be subject to audit by Madico in the event of cancellation or with respect to any Purchase Order for which the price is based on time and materials in the absence of such records. Madico shall be under no obligation to pay cancellation to which Seller might otherwise be entitled.
18. Title to Drawings and Specifications. Madico shall at all times have title to all drawings and specifications furnished by Madico to Seller and intended for use in connection with this Purchase Order. Seller shall use such drawings and specifications only in connection with this Order and shall not disclose such drawings and specifications or any information pertaining to Madico, this Purchase Order of Madico's affairs to any person, form or corporation other than Madico's or Seller's employees, subcontractors or Government Inspection. Seller shall, upon Madico's request or upon completion of the Purchase Order, promptly return all drawings, specifications and documents, embodying such information as were supplied by Madico.
19. Compliance with Law. In accepting this Purchase Order, Seller warrants that it has and will continue during the performance of this Purchase Order to comply with the provisions of all federal, state and local laws and regulations from which liability may accrue to Madico from any violation thereof. By acceptance hereof, Seller certifies compliance with the Fair Labor Standards Act of 1938, as amended, in the performance of this order.
20. Information Disclosed. Unless otherwise expressly provided in this Purchase Order or otherwise expressly agreed to in writing by Madico, no information or knowledge, heretofore or hereafter disclosed to Madico. In the performance or in connection with the Purchase Order, shall be determined to be deemed to be confidential or proprietary, and any such information or knowledge shall be free from any restrictions as part of the consideration for this Purchase Order.
21. Termination. (a) Madico may, at any time, terminate this Purchase order in whole or in part by written or telegraphic notice, or verbal notice confirmed in writing.  
(b) After receipt of such notice of termination and except as otherwise directed by Madico, Seller shall forthwith: (1) stop work under this Purchase Order on the date and to the extent specified in such notice of termination; (2) place no further orders or subcontracts for materials, services, or labor except as may be necessary for completion of such portions of the work under the contract as may not be terminated; (3) terminate orders and subcontractors relating to the performance of any work terminated by such notice of termination; (4) settle all claims arising out of such termination of order and subcontracts subject to this approval or ratification of Madico; (5) transfer title and deliver to Madico fabricated and unfabricated parts, work in process, and completed work, supplies and other materials produced as part of or acquired in the respect of the performance of the work terminated; and (6) take any necessary action to protect property in Seller's possession in which Madico has or may acquire an interest.  
(c) If the parties cannot by negotiation agree within a reasonable time upon the amount of fair compensation to the Seller for such termination, Madico will pay to Seller, without duplication, the following amounts; (1) the contract price for articles which have been completed; (2) the actual costs incurred by Seller which are properly allocable or apportionable under recognized commercial accounting practices to the determined portion of this Purchase Order; (3) such allowances for profit on the work performed as may be reasonable under the circumstances. The total sum to be paid Seller under items (1), (2) and (3) of this paragraph © shall not exceed the total contract price specified in this Purchase order as reduced by the amounts of payments otherwise made and as further reduced by the contract price of work not terminated provided however, that where any of the terms of this Purchase order are subject to the approval of a contracting officer on behalf of the United States of America, the termination amount shall also be subject to the approval of such contracting officer. Seller will transfer title and deliver on Madico's instructions any property the cost of which is reimbursed under item (2) in this paragraph © or with Madico's approval may retain same at an agreed price or sell at any price approved by Madico and pay the amount so agreed or receive as Madico may audit all elements of any termination claim.
22. Bankruptcy. In the event of any proceedings, voluntary or involuntary, in banking or insolvency by or against Seller, the inability of Seller to meet its debts, as they become due, or in the event of the appointment, with or without Seller's consent, of an assignee for the benefit of creditors or of a receiver, then Madico shall be entitled as its sole option, to cancel any unutilized portion of this Purchase Order without any liability whatsoever and may hold Seller accountable for any additional costs or damages by Madico.
23. Massachusetts Contract. The contract resulting from this Purchase Order and its acceptance shall be governed by the laws of Massachusetts.