



World Headquarters: 500 S. Spencer Rd, Newton, Kansas 67114
Tel: (316) 284-2020 Fax: (316) 283-4975 www.buntingmagnetics.com

Terms and Conditions of Purchase

Rev. December 1, 2009

PURCHASE CONTRACT

The Bunting® Magnetics Co. (Bunting) purchase order, together with these Terms and Conditions of Purchase (which are incorporated by reference within said purchase order) constitute an offer by Bunting to purchase goods and/or services from the Seller named in the purchase order. A binding purchase contract will arise only upon — a) a timely return to Bunting by the Seller of its written acceptance of the Bunting purchase order as including and incorporating, without exception or revision, these Terms and Conditions of Purchase, or b) the Seller, without transmitting such a written acceptance, delivers any of the ordered goods or performs any of the services described in the Bunting purchase order. In the event that the Seller objects or wishes to revise any aspect of the Bunting purchase order and/or the incorporated Terms and Conditions of Purchase, no purchase contract will exist until all changes and modifications are agreed to in writing by both parties to the transaction. Any question regarding the use of any term or condition, or any qualification or definition shall be determined to be used as it would be used in the normal custom and usage of the trade.

AUTHORITY

(a) Only an authorized Bunting Purchasing Agent may amend the terms of the purchase order Terms and Conditions of Purchase, and such amendments shall be in writing. (b) Bunting's engineering and technical personnel may from time to time render assistance, give technical advice, or exchange of information with Seller's personnel concerning products or services described upon the purchase order, and such actions or assistance shall not be deemed to constitute any amendment of the purchase order/Terms and Conditions of Sale. (c) All notices to Bunting to be furnished by the Seller shall be sent to Bunting's Procurement Representative whose name and notice address appears upon the purchase order.

PRECEDENCE

In all Bunting purchase transactions, and in the absence of any written agreement by Bunting to the contrary, the terms of Bunting's purchase order/Terms of Conditions for Purchase will prevail over the Seller's sales quote terms, sales offer terms, and terms and conditions of sale, if any.

MODIFICATION BY BUNTING OF PURCHASE CONTRACTS

(a) The Bunting Purchasing Agent may at any time, and upon written notice, make changes within the general scope of the purchase order to any one or more of the following: (i) drawings, designs or specifications; (ii) method of shipping or packing; (iii) place of inspection, acceptance or point of delivery; and (iv) delivery schedule. (b) If any such change causes an increase or decrease in the amounts payable under, or an increase or decrease in the time required for performance of any part of the purchase order, Bunting shall make an applicable adjustment to the purchase order price and/or delivery schedule, such adjustment being made in writing. Changes to the delivery schedule will be subject to a price adjustment only. No modification under (a) above shall be deemed final until a mutually agreed adjustment in price and/or schedule is reached. (c) Nothing contained in this "Modifications" clause shall excuse the Seller from proceeding diligently and without delay in its performance of its obligation under the purchase order, as modified. Seller agrees in all events that time shall be the essence of performance of its obligations as Seller.

CONFIDENTIAL INFORMATION

Any information provided by Bunting to Seller including, but not limited to, specifications, drawings, sketches, models, samples, technical information and data (all hereafter designated "information") pursuant to purchase order/Terms of Conditions of Purchase shall remain the sole property of Bunting. All such information existing in written, graphic, or other tangible form shall be promptly returned to Bunting upon request. Unless such information was previously known to Seller free of any obligation to keep such information confidential, or has been or subsequently made public by Bunting or a third party not under an obligation of confidentiality, such information shall be kept confidential by Seller, such information shall be used only for purposes filling Bunting's purchase orders. Seller agrees to comply with the terms of any Nondisclosure purchase order with Bunting and to comply and implement secrecy protections consistent with all proprietary information markings and restrictive legends applied by Bunting to any information or thing provided to Seller.

PRICES

Prices stated in the Bunting purchase order shall apply to and control in all deliveries of the goods and/or services described within the purchase order. Unless stated otherwise in the prices appearing upon the Bunting purchase order, the price stated upon the purchase order shall include all costs associated with the Seller's performance of the purchase contract, and no other costs, taxes, or fees will be recognized or paid. Price increases directed to Bunting's existing purchase orders with the Seller shall not be recognized absent written approval by Bunting's authorized agent.

QUANTITY

Bunting will accept the purchase order quantity of ordered goods and services in accordance with the delivery schedule specified upon the purchase order. Unless communicated in advance of the shipment by the Seller to the Bunting Purchasing Agent, and unless Bunting's agreement is obtained, Seller's overruns and underruns may, at the option of Bunting, be rejected. In the event of rejection, any product overrun will be returned to Seller, freight collect, with risk of loss in transit borne by Seller.

DELIVERY

The delivery date shown on Bunting's purchase order is firm, time being strictly agreed as of the essence. If purchase orders cannot be filled by Seller within the deadlines indicated upon the purchase order, Bunting shall be promptly notified in writing, and in that event Bunting may, in addition to its other legal rights and remedies, terminate the purchase order and may further terminate by written notice any other pending purchase orders. Termination notices shall be effective upon receipt by Seller, and shall be applicable to listed items of goods or services not yet shipped or rendered. In the event of termination, Bunting may purchase substitute items or services elsewhere and may charge and bill the Seller in the amount of Bunting's reasonably incurred cover costs. Seller agrees to promptly pay any and all such cover cost billings. Shipments made by the Seller under C.O.D. terms without the written consent of Bunting may, at Bunting's option, be rejected and may be treated as a late or nonconforming shipment triggering Bunting's termination rights and triggering Seller's obligation to cover costs.

PACKING FOR SHIPMENT

All products ordered under Bunting's purchase order shall be suitably packed for shipment and no charge shall be made for container, wrapping materials, ESD packaging, packing, cartoning, crating, delivery, drayage, or storage unless specifically authorized under the terms of the purchase order. Seller shall be responsible for any loss or damage resulting from improper packaging or crating for transit.

TRANSPORTATION

Seller shall ship products to Bunting as specified under the terms of Bunting's purchase order. In the event that the shipping method is not specified or is not fully understood by the Seller, the Seller shall contact the Bunting's Purchasing Agent for clarifying instructions. In the event that the Seller utilizes an expedited shipping method to achieve an on time or less delinquent delivery date, the Seller shall be responsible for any resultant additional costs.

PAYMENT AND TERMS

Unless otherwise specified in Bunting's purchase order, Bunting shall make payment in accordance with Net 45 day terms. An alternate payment term acceptable to Bunting upon Seller's designation in writing shall be 2% 30, Net 45. Bunting encourages the Seller to offer early pay discounts as such payment terms will typically be accepted and incorporated within the Bunting purchase order. The 30 or 45 day term, as applicable, shall be counted from the later of: (a) the date of acceptance of the purchased goods or completion of the purchased services, and (b) the date of Bunting's receipt of the Seller's post-delivery payment invoice.

QUALITY AND CONFORMANCE

All purchased materials and services described in the Bunting purchase order shall conform to the specifications, drawings, samples, or other descriptions furnished or communicated to Seller by Bunting and such products or services shall be merchantable, fit for the purpose intended, of appropriate quality and workmanship, and shall be free from defects. Bunting has the right of post delivery inspection within a reasonable time and of approval following inspection. Bunting may reject and return materials or products sold or require re-performance of services at the Seller's expense if such items are found to be defective or not in compliance with Bunting's specifications or applicable workmanship or quality standards. If for any reason purchase order specifications are omitted, are incomplete, are incompatible with the Seller's practices, or are not clearly understood by the Seller, the Seller shall advise Bunting before Bunting's purchase order is processed and resolution must be achieved prior to order processing. In any and all events, workmanship must be free from any and all defects and must comply with applicable specification tolerances, and quality standards, the risk of ambiguity and misunderstanding being upon the Seller. In the event that the Seller proposes a specifications change, Bunting shall determine whether the change affects the quality of a finished item. Bunting's right to object to and reject any defect shall not be deemed waived by any failure of Bunting to notify the Seller upon receipt of materials or completion of services, or by Bunting's payment of the Seller's invoice. Bunting reserves the right to inspect input raw materials which are to be dedicated by the Seller to Bunting's purchase order, work-in progress, or finished materials or goods, such inspections occurring at the Seller's plant and at any operational or production stage. Bunting may exercise such inspection right upon 24 hours written notice to the Seller.

ACCEPTANCE / NON-ACCEPTANCE OF GOODS/SERVICES

Payment by Bunting for Seller's products or services delivered by the Seller shall not constitute Bunting's final acceptance. Regardless of payment date, Bunting retains the right to inspect within a reasonable time the products or services delivered by the Seller and to reject any or all that are determined by Bunting to be defective, substandard, or non-conforming. In the event that the Seller fails to meet its purchase order quality or delivery date obligations, and in the event that such failure causes a work or production stoppage or substantial slow down or delay at Bunting, or exposes Bunting or its customers to penalties or other charges, or requires Bunting to devote unscheduled or unallocated amounts of time and/or money and other resources in Bunting's efforts to cover, Bunting may, at its option, charge the Seller costs of the work stoppage and/or penalties and charges, and/or costs of such rework, and Seller agrees to promptly pay Bunting's billings for such costs.

WARRANTY

Seller warrants that all work, products, and/or services ("Work") furnished pursuant to Bunting's purchase order shall strictly conform to applicable specifications, drawings, samples, and descriptions, and other requirements of the purchase order, and shall be free from defects in design, material and workmanship. The Seller's warranty obligation shall commence upon final acceptance by Bunting and shall extend for a period of: (i) the Seller's pre-established warranty period or six (6) months, whichever is longer. (ii) all other manufacturer's warranties applicable to the work or any part shall be in addition to the Seller's warranty, and shall inure to the benefit of Bunting, are hereby assigned to Bunting and Seller obligates itself to sign any and all other or further documentation needed to secure Bunting's benefit of such warranties. If any non-conformity within the work appears within the warranty period, Seller, at Bunting's option, shall promptly repair, replace, or re-perform the Work. Transportation of replacement Work and return of non-conforming Work and repeat performance of Work shall be at Seller's expense. If repair or replacement or re-performance of Work is not timely, Bunting may elect to return the non-conforming Work or repair or replace Work or re-procure the Work at Seller's expense. All warranties shall inure to the benefit of Bunting along with its successors, its assigns, its customers, and other users of Bunting's products. Any and all applicable implied warranties of merchantability and fitness for a particular purpose is hereby acknowledged as existing and as being unmodified by any contradicting document prepared or provided by the Seller.

CONSIGNED MATERIAL

Property provided by Bunting to Seller which is owned by either Bunting or Bunting's customer constitutes consigned material. Such material shall be used only for assistance in the Seller's performance under the Bunting purchase order. Title to Consigned Material shall remain in Bunting, and Seller shall clearly mark, segregate, store, and protect all Consigned Material in a manner preserving Bunting's ownership. Except for ordinary wear and tear, Seller shall be responsible for, and shall promptly notify Bunting of, any loss or damage, to any consigned material, and Seller shall, at its own cost, manage, maintain, and preserve Consigned Material and items in accordance with good commercial practice. At Bunting's request, and/or upon Seller's satisfaction of its obligations under the Bunting purchase order, the Seller shall submit, in an acceptable form, an inventory list of Consigned Material and items and shall deliver or make arrangement for other disposition as may be directed by Bunting. Upon Bunting's request, Seller shall procure and maintain property damage insurance directed to protection of any consigned material in reasonable amounts, and such other insurance as Bunting may reasonably require. In the event the Seller provides insurance hereunder, Seller shall provide Bunting at least thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of such required property insurance. Upon Bunting's request, Seller shall provide to Bunting a "Certificate of Insurance" showing Seller's compliance with such insurance provision requirements, Seller shall name Bunting as an additional insured under all such policies for the duration of performance under the Bunting purchase order. Such property insurance shall be considered primary in its protection of ownership interest of Bunting, and not as contributory or secondary with respect to any separate insurance which Bunting may additionally carry in force.

ASSIGNMENT

Any assignment of Bunting's purchase order in whole or part, or any delegation of Seller's duties thereunder shall, at Bunting's option, void the purchase order, provided that the Seller may, upon timely prior notice to Bunting, assign rights to be paid amounts due, or to become due, to a third party whose full legal name, address, and federal tax identification number shall be provided to Bunting in writing. In the event of such payment right assignment, Bunting's tender of any required payment to such assignee shall be accomplished by deposit of payment in the U.S. mail, first class postage prepaid. Any payment right assigned to an assignee shall be subject to setoffs or recoupment for any present or future claims of Bunting against the Seller, and Bunting shall have the right to make settlements and/or adjustments in price without notice to the assignee.

FORCE MAJEURE

Any delay or failure of either party to perform its obligations hereunder shall be excused if, and to the extent that the failure or delay is caused by an event or occurrence beyond the reasonable control of the party and without the party's fault or negligence. Adverse action by governmental authority (whether valid or invalid), earthquakes, fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage constitute non-exclusive examples of such failures/delays. During the period of any such delay or failure committed by Seller, Bunting may, at its option, purchase goods from other sources and may reduce the size of its purchase order without any liability to Seller or, alternatively, Bunting may require that the Seller secure the provision of the ordered goods from other sources in quantities and at times requested by Bunting and at the price set forth in the purchase order. If requested by Bunting, Seller shall, within ten (10) days of such request, provide

adequate assurances that the delay shall not exceed thirty (30) days. If the delay lasts more than thirty (30) days or in the event the Seller fails to provide adequate assurance that the delay will cease within thirty (30) days, Bunting may immediately cancel the Agreement and purchase order without any further liability to Seller.

INDEMNITY

Seller shall protect, defend, indemnify and hold Bunting and its agents, employees and related companies harmless from any losses, costs, expenses (including attorney's fees and court costs), claims (including claims of Seller's employees), damages including incidental and consequential, demands, liabilities, suits, actions, recoveries and judgments of every nature and description (collectively, "Losses") arising out of or resulting from the performance or nonperformance by Seller of the purchase order except to the extent that any Loss is caused by the negligence (sole or concurrent) of Bunting, its agents and employees. As to any claim made by Bunting hereunder, Seller expressly waives the protection of any disclaimer of liability or immunity from suit arising out of injuries to Seller's employees who may be extended to Seller as a result of any payments made by Seller to such employees or under any applicable workers' compensation statute or similar law or judicial decision.

CANCELLATION OF PURCHASE ORDERS

(a) Where Bunting's purchase order describes work to be specifically performed by the Seller, Bunting may cancel all or part of the purchase order for its convenience and without cause by giving written notice to Seller. In the event of cancellation, Bunting's sole obligation to Seller shall be to pay Seller a pro rata percentage of the price reflecting the amount of work performed or products delivered prior to the giving of notice of termination, plus any additional reasonable charges arising from the termination that Seller can demonstrate to the satisfaction of Bunting. Seller shall not be paid for any work, products, or costs incurred which reasonably could have been avoided.

(b) In no event shall Bunting be liable for lost or lost anticipated profits, or the unabsorbed indirect costs or overhead, or for any sum in excess of the total purchase order price. Seller's post cancellation claim for payment by Bunting, if any, shall be submitted to Bunting within ninety (90) days from the effective date of the cancellation.

(c) Where Bunting's purchase order does not require specially performed work by the Seller, Bunting may cancel part or all of the purchase order for its convenience and without cause by giving written notice to Seller. Upon giving such notice, Bunting's sole obligation to Seller shall be payment of a mutually agreed-upon restocking or service charge.

(d) In all instances of Bunting's cancellation, Seller shall be obligated to continue diligent performance of all purchase orders or portions thereof not cancelled by Bunting.

(e) All terms, conditions and provisions of the purchase order (including but not limited to warranties of SELLER) shall survive Bunting's whole or partial cancellation of the purchase order.

TERMINATION OF PURCHASE ORDER

(a) Upon the giving of written notice of default, Bunting may terminate the purchase order, in whole or in part, in the event that Seller fails to comply with any material term of the purchase order, fails to make reasonable progress in the performance of the purchase order, or fails to provide adequate assurance of future performance. Where the Seller's default is other than a failure of timely performance, the Seller shall have ten (10) days to cure receipt of notice of default from Bunting.

(b) Upon declaration of default, Bunting shall in no event be liable for any work not accepted by Bunting, and Bunting may require Seller to deliver to Bunting any supplies, manufacturing or other materials, and drawings that Seller has specifically produced or acquired with respect to a terminated portion of the purchase order. Upon such termination, Bunting and Seller shall attempt in good faith to agree on the amount of payment for such deliverable items.

(c) Seller shall continue all work not terminated by declaration of default.

(d) If after termination under paragraph (a), Bunting later determines that Seller was not in default, such termination shall be deemed a rightful termination by Bunting for convenience.

(e) All terms, conditions, and provisions of the purchase order (including but not limited to warranties of SELLER) shall survive cancellation or termination of the purchase order.

WAIVER, APPROVAL, AND REMEDIES

(a) Failure by Bunting to enforce any of the provision(s) of the purchase order shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of Bunting thereafter to enforce each and every such provision(s).

(b) Bunting's approval of documents supplied by Seller shall not relieve Seller from complying with any requirements of this purchase order.

(c) The rights and remedies of Bunting in this purchase order are cumulative and in addition to any other rights and remedies provided by law or in equity.

SEVERABILITY

Each provision of this purchase order is severable, and if any provision shall at any time be held to be contrary to law or invalid or enforceable, the remaining terms and provisions shall not be affected but shall remain in full force and effect.

COMPLIANCE WITH LAWS

Seller shall comply with all applicable provisions of the *Fair Labor Standards Act*, the *Fair Packaging and Labeling Act*, and rules, regulations, and with all other applicable federal, state and local laws, ordinances, regulations and codes, including the identification and procurement of required permits, certificates, licenses, insurance, approvals and inspections including, without limitation, all federal, state or local laws with respect to taxes on income or payroll or otherwise payable to any governmental entity. Seller shall indemnify and hold Bunting harmless from any and all liability arising from the failure of Seller to comply with any of the aforesaid laws, rules and regulations.

GOVERNING LAW AND SUBMISSION TO JURISDICTION

The purchase order, this agreement, and all rights and remedies of the parties thereto shall be construed and determined in accordance with Kansas law. The parties agree and stipulate that the purchase order is at least partially performable by the parties in Kansas and that such performance is of sufficient significance to cause jurisdiction over all claims and disputes to be with Kansas courts. Seller waives and foregoes any and all claims that the courts of any other state have jurisdiction, and Seller stipulates and agrees to Kansas jurisdiction.

ENVIRONMENTAL, HEALTH AND SAFETY RULES

For services performed at a Bunting facility, the Seller shall conform to all Federal, State, and Local laws, and promptly notify Bunting of any violation of same.

ENTIRE AGREEMENT

The Bunting purchase order and the Terms and Conditions of Purchase, upon acknowledgment by the Seller, represent the entire agreement between Bunting and the Seller.