

SCAFCO CORPORATION
PURCHASE ORDER TERMS AND CONDITIONS

These Purchase Order Terms and Conditions are incorporated into the Purchase Order (the "P.O.") as issued by SCAFCO Corporation (the "Buyer") to you (the "Seller"). Issuance of the P.O. is conditioned upon Seller's acceptance of the following:

1. Acceptance: Whether construed as an offer, acceptance or confirmation, these terms and conditions of purchase include all documents and exhibits attached hereto and all other terms incorporated by reference herein. This P.O. shall constitute the final, complete and exclusive statement of this contract and may not be modified or rescinded except by a written change order issued by the Buyer, and the line-item prices listed in the P.O. have been negotiated and agreed to by Buyer and Seller, and encompass the agreement of the parties as to the costs of the goods contemplated herein. If this P.O. constitutes an offer by the Buyer to purchase the goods and/or services specified upon the terms and conditions and at the price(s) and with the delivery date(s) specified herein, Seller shall indicate its acceptance of this order by verbal acceptance communicated to the Buyer, by written acceptance on the face of this P.O. received by the Buyer, by other written confirmation received by the Buyer, by commencing work on or performing under this P.O. in any manner, expressly conditioned on notice of such commencement of work received by the Buyer, or by the delivery of the goods or services within the time for such delivery as stated in this P.O. Regardless of the manner or medium of acceptance time is of the essence. As an offer, this P.O. expressly limits acceptance to its terms and conditions, and provides express notification to Seller of Buyer's objection to any different or additional terms in any response to this offer from the Seller. If this P.O. is construed as an acceptance of the Seller's offer, this acceptance is expressly conditioned on the offeror's assent to any additional or different terms contained in this P.O. If this P.O. is construed as a confirmation of an existing contract, the parties agree that this P.O. constitutes the final, complete and exclusive terms and conditions of the contract between the parties. If the parties have otherwise completed a signed, written contract, the parties agree that the use of this P.O. to place orders for goods or services pursuant to such a contract shall be construed to supplement the terms of such written contract only to the extent that the terms and conditions of this P.O. are not inconsistent with such written contract. Regardless of its construction as an offer, acceptance, confirmation or use to place orders for goods or services pursuant to an earlier contract, this P.O. incorporates by reference all terms of the Uniform Commercial Code providing any protection for the Buyer, including, without limitation, all express and implied warranty protection and all Buyer's remedies under the Uniform Commercial Code.

It is understood by Seller that Buyer's field personnel, including but not limited to account representatives, branch managers, and the like, do not have authority to sign documents modifying this Agreement. Use by Buyer of a Sales Order Number or Work Order Number or similar document number provided by Seller as a reference to facilitate administration, billing and/or payment shall not be deemed acceptance of terms and conditions appearing therein that are in addition to, or conflict with those contained herein, and are expressly rejected by Buyer.

2. Prices; Terms of Payment; Taxes: The prices and payment terms are as stated on the P.O. and Seller may not charge Buyer for any additional costs, fees, expenses or taxes not expressly listed in the P.O. Buyer shall have no obligation to honor invoices with increased prices ..

Payments are conditioned upon acceptance by Buyer of the goods or services. Discount periods begin on the date of Buyer's receipt of invoice. Seller warrants that its quotation relating to this P.O. was based on Seller's current pricing which is no higher than offered to other customers ordering similar quantities of the same goods or services.

All applicable federal, state and local taxes shall be clearly identified on each respective invoice. Prices do not include any tax to which an exemption is available or for which Buyer has furnished Seller a lawful exemption. If Buyer pays a tax that was not required to be collected, Seller shall notify Buyer, promptly take steps necessary to obtain a refund, and pay such refund to Buyer.

3. Rescheduling and Cancellation: Buyer may, by written notice: (i) extend the delivery date(s), for no more than thirty (30) days from the original scheduled delivery date; or (ii) cancel all or a portion of this P.O., provided that Buyer pays Seller's actual direct costs incurred in good faith prior to Seller's receipt of the cancellation notice; however, Buyer accepts no liability for Seller's commitments in excess of the P.O. quantities or in advance of the time necessary to meet the scheduled delivery date.

4. Order Modification: Seller may not modify this P.O. without Buyer's prior written approval. Seller may not substitute materials, accessories or options without Buyer's prior written consent.

Buyer may, with ten (10) business days' prior notice to Seller, propose a change in the quantity of the goods or services ordered. If the change exceeds ten (10%) of the original P.O. quantity and will impact the unit price or delivery date, Seller shall, within three (3) business days, so notify Buyer. Failure of Seller to so notify Buyer shall be deemed to be acceptance of the change. Buyer has three (3) business days to notify Seller of its acceptance of the prices and/or delivery date change, or, Buyer's request for the quantity change shall be considered to be withdrawn.

5. Packing and Marking: Unless otherwise specified Seller shall: (i) pack and mark the goods to secure the lowest transportation costs while meeting carrier requirements and assuring delivery free of damage and deterioration; and (ii) be responsible for all risk of loss and damage until the goods are delivered to the F.O.B. point. Damage discovered after transfer of title resulting from faulty packaging shall be Seller's responsibility. Unless otherwise stated on the P.O. all prices include all charges and expenses for containers, packing, crating and transportation to the F.O.B. location. Seller shall be responsible for all transportation costs to the F.O.B. location unless otherwise specified.

The P.O. number must be shown on all packing slips,

invoices, packages, cartons and crates. Each bill-of-lading must contain a packing slip showing the number of pieces. A \$25.00 charge may be assessed for Seller's failure to comply with these requirements.

6. Delivery: Orders shall be shipped to arrive at Buyer on the delivery date. Buyer may reject: (i) quantities of goods in excess of the quantity stated on the P.O.; and (ii) shipments received more than five (5) working days before the scheduled delivery date, and return such rejected goods at Seller's expense. If an order is not delivered within three (3) business days from the scheduled delivery date, Buyer may: (a) direct expedited shipping with all excess shipping charges to be paid by Seller; or (b) cancel this P.O. with no penalty.

7. Force Majeure: Neither party shall be liable for delays or failures to perform its obligations due to strikes, lockouts, labor disputes, court orders, acts of God, inability to obtain labor or materials, government restrictions, national emergency, regulations or controls, regional epidemic or global pandemic, hostile government action, civil commotion, war, acts of terrorism, fire or other causes beyond its reasonable control, (a "Force Majeure Event"). Supplier shall promptly notify Buyer if it is delayed or unable to perform its obligations due to a Force Majeure Event. For as long as the obligations of either party are affected by a Force Majeure Event, such obligations shall be suspended; provided, however, that should Seller fail to comply with Buyer's delivery schedule, Buyer may terminate this P.O. without any liability.

8. Acceptance: Orders are subject to Buyer's inspection prior to acceptance. If any of the goods are defective or do not conform to this P.O. ("Rejected Goods") Buyer shall have ten (10) business days from delivery to notify Seller in writing of the Rejected Goods, after which Buyer electing, at its option and at Seller's sole expense to: (i) return the Rejected Goods to Seller; or (ii) require Seller to promptly correct or replace the Rejected Goods.

9. Warranty: Seller warrants that the goods and services shall: (i) be free of all liens, imperfections in title, claims or other encumbrances; (ii) during the warranty period, be free from defects in material and workmanship; and (iii) conform to the specifications.

This warranty shall survive delivery, acceptance and payment for the goods or services, and shall inure to the benefit of Buyer, its successors, assigns and customers. Buyer may, at its option and at Seller's sole expense:

- (i) return defective goods for credit or refund; or
- (ii) require prompt correction or replacement of the defective goods or services.

10. Buyer Property: Buyer shall retain title and all rights of ownership to all: (i) specifications, drawings, technical information and data ("Documents"); and (ii) tools, equipment and material ("Property"), provided by Buyer to Seller pursuant to this P.O. Unless authorized in writing by Buyer, Seller shall only use Documents and Property for the

sole purpose of fulfilling its obligations under this P.O., and shall not disclose the contents of the Documents to any third party.

Wherever practical each individual Property shall be identified by Seller as "property of SCAFCO Corporation", and shall be stored in a safe and secure manner separate from Seller's property. While in Seller's custody or control: (i) such Property shall be held at Seller's risk; and (ii) Seller shall maintain replacement cost insurance in an amount no less than the replacement cost, with loss payable to Buyer. Upon Buyer's request Seller shall promptly return all Property and Documents at Seller's expense.

11. Patents: Seller warrants that the goods do not infringe any U.S. or foreign patent, copyright, or trademark ("IP"). If the sale or use of the goods constitutes an IP infringement and their use enjoined, Buyer may, at its option, pursue all remedies available at law, including, but not limited to, requiring Seller to either procure for Buyer the right to continue using the goods, modify the goods so that they become non-infringing, or remove the goods and refund to Buyer the original purchase price.

12. Assignment: Seller may not assign any right or obligation under this P.O., including the right to receive payments due or to become due, without the prior written consent of Buyer.

13. Compliance with Laws: Seller represents that it is in compliance with all applicable federal, state and local laws, rules, regulations, standards and ordinances, including Executive orders (collectively "Laws"), with respect to the manufacture and sale of the goods and the performance of the services pursuant to this P.O. Such Laws include, but are not limited to: the Occupational Safety and Health Act of 1970, as amended; the Fair Labor Standards Act of 1938, as amended; the Rehabilitation Act of 1973, as amended; and Federal Acquisition Regulations published in Title 48 of the Code of Federal Regulations.

14. Services: For services performed on the property of Buyer or a customer of Buyer, Seller shall take all necessary precautions to prevent the occurrence of any accident, injury, death or loss to any person or property, and except to the extent caused solely by the negligence of Buyer or its customer, shall indemnify and hold Buyer harmless against all claims and losses resulting in any way from Seller's negligence or intentional acts. Seller shall maintain adequate public liability, property damage and worker's compensation insurance.

For P.O.s for construction services work, Buyer may withhold retainage up to 5% from contractor as a trust fund for the satisfactory completion of the work. Said retainage shall be released to the contractor upon the later of 30 days after final completion of work or final acceptance of work by Buyer.

15. Indemnification: To the fullest extent of the law, Seller agrees that it shall indemnify and hold harmless Buyer, its agents, consignees, employees and

representative from and against all expenses, losses, claims, demands, or causes of action of whatever kind, including negligence, breach of express or implied warranty, failure to warn, or strict liability, and from and against all special, indirect, incidental, or consequential damages, including lost profits, of every kind whatsoever arising out of, by reason of, or in any way connected with, accidents, occurrences, injuries or losses to or of any person or property, including Buyer or Buyer's property, which may occur from, arise out of, is connected with, related to, or resulting from Seller's performance of this P.O. in any way or resulting from in whole or in part, the design, preparation, manufacture, construction, completion, warning or failure to warn, or of delivery or non-delivery of the goods or services provided for in this P.O., including such as are caused by any subcontractor of Seller. Immediately upon receipt from Buyer of written notice of any suit or claim relating to any risk described in this section and upon written request by Buyer, Seller shall assume the defense of the litigation. In any event, Seller shall pay for or reimburse Buyer for all costs and expenses, including attorneys' fees, arising out of any suit or claim relating to any risk described in this Section. If requested by Buyer, Seller shall maintain policies of liability insurance, declaring Buyer as a named insured, in such amounts as Buyer shall designate, to protect Buyer from all the risks described in this Section. Such policies of insurance shall not be cancelable except upon ten days' written notice to Buyer. Upon request, Seller shall furnish proof of such insurance to Buyer.

16. Limitation of Liability: In no event shall Buyer be liable for lost profits, incidental, special, consequential or exemplary damages ("Damages") arising out of this P.O. Buyer's entire liability for Damages of any kind occurring from, arising out of, connected with, related to, or resulting from this P.O. is limited to the price of the goods or services giving rise to the claim. Buyer shall not be liable for penalties of any kind or description.

17. Default:

(a) Buyer may, by written notice of default to Seller, terminate the whole or any part of this P.O. in any one of the following circumstances:

- (i) Seller fails to make delivery of the goods or to perform the services within the time specified herein or any extension thereof;
- (ii) Seller fails to perform any of the other provisions of this P.O. or fails to make progress so as to endanger performance of this P.O. in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of five (5) days, or such longer period as Buyer may authorize in writing, after receipt of notice from Buyer specifying such failure;
- (iii) Seller becomes insolvent or the subject of proceedings under any law relating to bankruptcy or the relief of

debtors or admits in writing its inability to pay its debts as they become due; or

(iv) Seller fails to provide Buyer, within a reasonable time after demand by Buyer, written assurance of due performance by Seller.

(b) If this P.O. is so terminated, Buyer may procure or otherwise obtain, upon such terms and in such manner as Buyer may deem appropriate, goods or services similar to those terminated. Seller, subject to the exceptions set forth below, shall be liable to Buyer for any excess costs of such similar supplies or services.

(c) Seller shall continue performance of this P.O. to the extent not terminated.

(d) Buyer shall have no obligations to Seller in respect to the terminated part of this P.O. except for goods already delivered to, or services already rendered for, Buyer or as otherwise provided for herein. Buyer's rights as set forth herein shall be in addition to Buyer's rights in case of Seller's default, whether set forth in this P.O. or not.

18. Choice of Law: This P.O. shall be subject to, and construed in accordance with, the laws of the State of Washington, without giving effect to the principles of conflict of laws thereof. The parties agree that any and all causes of action, whether or not arising under this P.O., between the parties shall be brought exclusively in the Superior or District Court of Spokane County, Washington, or in the U.S. District Court for the Eastern District of Washington, and each party hereby waives any objection to the laying of venue of any such litigation in the aforementioned courts and agrees not to plead or claim in any such court that such litigation brought therein has been brought in an inconvenient forum.

19. Nonwaiver: Any failure at any time of Buyer to enforce any provision of this Order shall not constitute a waiver of such provision or prejudice the right of Buyer to enforce such provision at any subsequent time.

20. Partial Invalidity: If any provision of this Order is or becomes void or unenforceable by force or operation of law, the other provisions shall remain valid and enforceable.