



Supplier Requirements Manual And Terms & Conditions

This handbook outlines the expectations of suppliers to MEDALLION INSTRUMENTATION SYSTEMS. Suppliers must ensure that their employees and contractors understand the requirements of this handbook. For additional information or help, contact the Purchasing or Quality representatives at MEDALLION INSTRUMENTATION SYSTEMS.

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INTRODUCTION

A. Objective

The objective of this handbook is to provide our suppliers with an understanding of the requirements to supply MEDALLION INSTRUMENTATION SYSTEMS. MEDALLION INSTRUMENTATION SYSTEMS places the highest emphasis on performance, quality, reliability, and integrity of its products. To achieve this goal, we count on the efforts and contribution of our stakeholders. Our suppliers play a pivotal role. We expect nothing else from all our suppliers than the same level of commitment to achieve the performance and quality levels we strive for.

B. Sourcing Strategy

MEDALLION INSTRUMENTATION SYSTEMS intends to establish and maintain long-term relationships with suppliers who are committed to continuous improvement in cost (commercial), quality, delivery, and service in order to excel in industry. Those suppliers who embrace this philosophy will have the opportunity to enter into long-term relationships with MEDALLION INSTRUMENTATION SYSTEMS. MEDALLION INSTRUMENTATION SYSTEMS believes evidence of this commitment to a continuous improvement philosophy includes, but is not limited to; ISO/TS compliance and/or registration, proactive supply-chain management, daily or multi-day deliveries, productivity improvements and participation in APQP and problem solving activities at MEDALLION INSTRUMENTATION SYSTEMS. MEDALLION INSTRUMENTATION SYSTEMS will work with our suppliers with integrity, strive to listen to supplier concerns, communicate requirements, and provide our suppliers with the appropriate information to perform at world-class levels.

C. Supplier Quality Requirements

At MEDALLION INSTRUMENTATION SYSTEMS, we recognize the critical role quality plays in our success. In order to achieve high quality standards, we depend on receiving quality materials from our entire supply chain. Quality is a prime consideration for supplier selection and sourcing. We expect all suppliers to submit a Level 3 PPAP for all new parts, or for any change to part or manufacturing process. Your dedication to quality and strict adherence to the MEDALLION INSTRUMENTATION SYSTEMS Supplier Requirements Manual, part drawings and specifications, and purchase orders and releases will clearly document your value as a MEDALLION INSTRUMENTATION SYSTEMS supplier.

D. Monitoring Supplier Performance

Compliance with the MEDALLION INSTRUMENTATION SYSTEMS requirements will be monitored, through the Supplier Scorecard as it is considered an important part of our supplier development strategy. Through a process of positive interaction, we want to assist in our suppliers' continuous

improvement efforts. Our approach is to prevent problems before they become obstacles to success. If problems arise, we strive to resolve them by working with our suppliers to find the appropriate solutions.

2. PURCHASING REQUIREMENTS

A. Payment Terms and Quotations

Payment Terms are NET 45. All quotations must include any additional costs such as delivery and packaging to supply the item or service. It is expected that a breakdown of all costs including raw material, purchased parts, direct labor, indirect labor, overhead, total manufacturing cost, end of line scrap, SG&A, profit allowance will be provided for all parts. All quotes should allow for a 25% decrease in annual volume at the quoted price. All quotes must be intended to offer to supply the item or service. All requests for quote are subject to MEDALLION INSTRUMENTATION SYSTEMS terms and conditions.

B. Terms and Conditions

See sections 7 and 8

C. Prices

MEDALLION INSTRUMENTATION SYSTEMS requires all supplier invoice prices to match MEDALLION INSTRUMENTATION SYSTEMS purchase contract prices exactly, to ensure timely processing. To achieve this, any price change must be documented by the issuance of a modified purchase contract. The MEDALLION INSTRUMENTATION SYSTEMS purchase order defines what we understand as the agreed price. Invoices that do not match will be returned to the supplier. Payment terms will apply when MEDALLION INSTRUMENTATION SYSTEMS receives a conforming invoice.

D. Price Increase Policy

Medallion Instrumentation Systems requires a 60 day notification period of all price increase requests. No requests will be considered unless they are formalized in writing with the following supporting documentation:

- Cost breakdown outlining the cost drivers associated with the increase. (i.e. labor, materials, overhead, etc.)
- Copies of supplier invoices to justify increases in materials.
- Commodity pricing over the past 12 months
- Current price and new price by part number. For example, the request will need to include item specific pricing, not a general statement that the overall pricing will be increased by "X"%.
- When all of the above information is provided, the 60 day period will commence.

- Should the increase be accepted, it will be applicable to only new orders, and not retroactively applied to outstanding Medallion purchase orders.

E. Delivery Responsibility and Cost

Packaging and delivery costs are included in the purchase contract price unless otherwise stated. The responsibility for goods in transit rests with the supplier unless MEDALLION INSTRUMENTATION SYSTEMS agrees to other conditions on the purchase contract.

F. Purchase Order Acknowledgement

Medallion Instrumentation Systems requires all suppliers to acknowledge and confirm purchase orders within 48 hours.

G. Continuity of Supply

Every supplier is faced with the possibility of production interruption by unforeseen circumstances, such as power loss or machine breakdown. Since any interruption in supply may result in substantial damages, particularly if it results in MEDALLION INSTRUMENTATION SYSTEMS not being able to meet customer demands, we require each of our component suppliers to develop a plan for continuity of supply. This plan must be immediately available upon request. Should MEDALLION INSTRUMENTATION SYSTEMS incur cost from our customer as a result of supplier related issues, supplier shall be responsible for any and all costs incurred.

H. Service Part Requirements

By accepting a production contract from MEDALLION INSTRUMENTATION SYSTEMS, the supplier agrees to maintain the tooling, facilities, gauges, fixtures, and equipment required to manufacture the contracted component(s) for at least 10 years following the end of production. Service order pricing parameters should be agreed upon during the production launch process; all other agreements must be in writing.

I. Tool Maintenance Costs

Tool maintenance costs are the responsibility of the supplier unless other arrangements have been documented with MEDALLION INSTRUMENTATION SYSTEMS personnel. Suppliers must have preventative maintenance frequency established and track tool maintenance. Suppliers must record shots run on each tool and send reports to Medallion Instrumentation Systems upon request.

3. QUALITY

A. Product Quality Expectations

All materials supplied to Medallion must conform to contractual requirements and specifications and are subject to inspection and approval

by Medallion after delivery. If fault is found with the material, Medallion reserves the right to withhold payment. Medallion also reserves the right to reject and/or return at the risk and expense of the supplier, all or any portion(s) of shipment(s) which fail to comply with Medallion's defined requirements/specifications.

B. Supplier Requests for Temporary Product Specification Changes

Medallion reserves the right to accept or reject deviations at their discretion. A deviation request is initiated to request temporary acceptance to ship product that is non-conforming to Medallion print, engineering specification, or quality standards. To receive a temporary product specification change, the supplier must contact Medallion Supplier Quality Engineer and obtain written deviation prior to shipment.

It is the supplier's responsibility to make every effort to meet Medallion requirements prior to submitting a deviation request. Deviations shall define a set quantity of affected product for shipment within a prescribed time frame. A copy of the approved deviation shall be printed and fixed to a container until the deviation has expired or is no longer needed (i.e., new drawing release). The supplier will be fully responsible for all warranty claims and rework or reject costs for shipments of product which do not conform to specification.

C. Nonconforming Material

If material is found at Medallion that does not meet specification, it will be rejected and the supplier will be promptly sent an NCMR that describes the reason for rejection and the quantity that is rejected. A request for an RMA will be issued, the RMA shall be sent to Medallion within three business days. If an RMA is not received within three days, the product will be shipped back to the supplier at their expense and the supplier will be debited. An 8D corrective action may be requested for repeat defect modes.

If Medallion sorts defective product, the supplier will be charged \$50 per hour per person. If Medallion reworks defective parts, the supplier will incur all Medallion costs, including labor at \$50 per hour. The supplier may incur an appropriate administration fee when an NCMR is written, not to exceed \$100.

Medallion will recover from the supplier all costs resulting from a delivery of nonconforming product to Medallion customers, which may additionally include but not limited to the following:

- Reject fees
- Warranty claims or recall costs
- Downtime at Medallion
- Premium freight to customer
- Downtime at Medallion's customer

D. Supplier's Quality System Requirements

It is a Medallion requirement that suppliers be compliant to an international quality management standard such as ISO 9001 or ISO/TS 16949.

The Supplier shall maintain an effective documented quality management system that communicates, identifies, coordinates, and controls all key activities necessary to design (if applicable), development (if applicable), production, delivery, and service products to Medallion. The supplier should adhere to the standard unless otherwise agreed to in writing.

E. Changes to Approved Product and Processes

Suppliers and sub-suppliers are not to make any unauthorized changes to a product (e.g., material, component, subassembly, etc.) or the process used to produce a product that has been previously PPAP approved by Medallion. If the supplier wants to make a change, Medallion must be notified in writing what the proposed change is. This notification shall be sent to the Supplier Quality Engineer. The supplier shall not make any changes until written authorization to proceed with the change is received from Medallion.

Any such change made without prior written approval by Medallion would not only constitute a breach of Medallion's purchase order terms and conditions, but would also be a serious breach of standard manufacturing practices. Suppliers who do not adhere to this requirement will be held responsible for all damages, losses and liabilities attributable to any unapproved change made by it or one of its suppliers such as but not limited to:

- Customer rejections
- Customer line stoppage penalty fees
- Field failure costs
- Warranty expenses

F. Production Part approval Process (PPAP)

All production part sample submissions shall be in accordance with the AIAG PPAP manual requirements as stipulated by Medallion Supplier Quality Engineer or the Program Buyer. An AIAG compliant level 3 PPAP,

supplied electronically, is the default submission level unless otherwise agreed upon with the Supplier Quality Engineer.

Supplier PPAP packages shall include all component (internal and sub-supplier) PSWs at a minimum and may require additional PPAP documentation as per the Supplier Quality Engineer. PPAPs shall be submitted to the Medallion Supplier Quality Engineer. Full or interim approved PPAP is required prior to shipping parts to Medallion for production. Any production shipments received by Medallion prior to obtaining this approval will be rejected. Any exceptions must be documented and approved on a Medallion deviation. The supplier may be asked to conduct an annual PPAP revalidation on critical components.

G. Advanced Product Quality Planning (APQP)

All suppliers are expected to utilize the AIAG Advanced Product Quality Planning process to assure smooth launch and uninterrupted production of supplied product to Medallion.

H. Verification of Supplier's Product and Services at Supplier's Premises

When required, Medallion or Medallion's customers shall be permitted to verify at the supplier's premises that the product or service supplied to Medallion conforms to specified requirements. Advance notice is not required.

I. Supplier Scorecard

Medallion will monitor supplier performance and will issue a monthly scorecard. Supplier performance will be based on the following:

- Delivery Performance – SCR support, on time, freight responsibility
- Quality – Six month rolling PPM, NCMRs written per month
- Commercial Performance – cost control
- Communication – PO confirmed, exceptions communicated, responsiveness

4. DOCUMENTATION

Supplier must ensure one packing slip and one invoice per delivery as well as other required paperwork is delivered with each shipment (MSDS sheets and certifications if required). PO number must be on packing slip to be received. Packing slip and invoice must contain the following:

- a. Packing list number
- b. Supplier name and address
- c. Vendor name as stated on blanket PO
- d. Shipping address

- e. MEDALLION INSTRUMENTATION SYSTEMS blanket purchase order number
- f. MEDALLION INSTRUMENTATION SYSTEMS part number as stated on PO
- g. Part name
- h. Quantity of items shipped
- i. Lot number

If all items listed are not included on the packing list or if invoices do not meet the requirements listed above, MEDALLION INSTRUMENTATION SYSTEMS will request correction from the supplier. Repeated errors will result in a corrective action and \$150 reject fee.

5. DELIVERY REQUIREMENTS

A. Packaging and Shipping Requirements

- a. It is the suppliers' responsibility to develop packaging design for their products; MEDALLION INSTRUMENTATION SYSTEMS is interested in obtaining the most economical packaging, transportation, and handling costs, while ensuring part protection and quality.
- b. Maximum unit load size (including pallet) 48"L x 40"W x 46"H. Pallets must provide 4-way fork entry.
- c. Corrugated material used in shipping containers must have adequate strength to protect parts during shipment. A minimum of 44# edge crush test (ECT) or 275# burst strength is required.
- d. Containers must be adequately sealed to assure they do not open during shipment or handling.
- e. All packages must have sufficient strength and stability to withstand double stacking. If not, a label must be placed on skid stating "DO NOT STACK".
- f. Mixed loads must be identified with a label stating "MIXED LOAD".
- g. The use of returnable containers is limited to select suppliers but is encouraged when feasible.
- h. Suppliers must use MEDALLION INSTRUMENTATION SYSTEMS specified carriers for all shipments.
- i. Medallion will allow receipt of product 2 days early/ 0 days late.

B. Delivery Schedules

- a. It is the supplier's responsibility to ensure goods are received at MEDALLION INSTRUMENTATION SYSTEMS on the date/time required by MEDALLION INSTRUMENTATION SYSTEMS. MEDALLION INSTRUMENTATION SYSTEMS expects 100% on time delivery performance. Suppliers may be required to provide corrective action whenever this requirement is not met.
- b. Damaged freight will not be deemed accepted and will be returned to supplier at their expense.
- c. It is the supplier's responsibility to inform MEDALLION INSTRUMENTATION SYSTEMS purchasing/materials department of any

potential difficulties in meeting delivery requirements. Alternative plans may be available which would avoid downtime.

- d. If supplier is not able to meet delivery date, any expedited freight will be at the supplier's expense. Supplier is responsible for freight on ALL backorders.

C. Delivery Times

MEDALLION INSTRUMENTATION SYSTEMS has specific hours of 7AM to 5 PM Monday thru Friday when deliveries are allowed. Please contact MEDALLION INSTRUMENTATION SYSTEMS to confirm these times. If unable to deliver during these times, supplier must contact MEDALLION INSTRUMENTATION SYSTEMS to make alternative arrangements.

D. Routing Instructions

To effectively manage inbound shipments, MEDALLION INSTRUMENTATION SYSTEMS requests suppliers to use an automated shipping solution. Unless otherwise noted on the purchase order, ground will be the default domestic service level. International Economy will be the default international service level.

Please ensure your address book matches the company name and address as indicated below:

Medallion Instrumentation Systems
17150 Hickory St.
Spring Lake, MI 49456

All future shipments to this location should provide the following information:

Reference Number Field 1: PO Number and or Item Number
Reference Number Field 2: PTA# if applicable

These system changes will ensure we receive proactive information for all packages sent to our facility.

Method of Shipment

Shipments weighing 150 lbs. or less
Fedex Ground

Less than Truckload

Shipments weighing 151 lbs. to 5000 lbs.
Shipments less than 12 linear feet
Fedex Freight
Call Medallion Buyer/Planner 616-847-3700 for delivery appointment

Truckload

Shipments weighing more than 5000 lbs.

Or equal to or greater than 12 linear feet.

Call Medallion Buyer/Planner 616-847-3700 for routing and delivery appointment

Same Day Truck And All Air Freight

Please declare total value on bill of lading

Call Medallion Buyer/Planner 616-847-3700

E. Adherence to Release Quantities or Minimum/Maximum Inventory Levels

- a. Purchase order/material releases are issued by MEDALLION INSTRUMENTATION SYSTEMS materials department. Suppliers will only take direction from MEDALLION INSTRUMENTATION SYSTEMS materials department regarding material releases.
- b. Once MEDALLION INSTRUMENTATION SYSTEMS accepts a quotation from a supplier a PO will be issued.
- c. MEDALLION INSTRUMENTATION SYSTEMS standard terms and conditions are in effect unless noted on quote from supplier and agreed upon by MEDALLION INSTRUMENTATION SYSTEMS
- d. It is expected the supplier will build and plan to release. The PO will be used to ship against unless otherwise specified by MEDALLION INSTRUMENTATION SYSTEMS materials department.

F. Labels on Packaging

- a. Incoming material is to be identified by the supplier with an identification label. Two labels are required unless otherwise specified.
- b. Labels shall be located on 2 adjacent sides of the container.
- c. Labels must be AIAG. Dimensions 4" x 6".
- d. Labels must include the MEDALLION INSTRUMENTATION SYSTEMS part number, revision level and quantity.

G. Hazardous Material

Suppliers must follow relevant Health, Safety and Environmental regulations; all hazardous materials are to be packaged and identified in conformance with government regulations. MSDS labels and/or proper markings must be on containers/labels and proper paperwork including MSDS sheets supplied to MEDALLION INSTRUMENTATION SYSTEMS prior to or upon delivery.

6. VISITORS AND DELIVERY PERSONNEL

Visitors and delivery personnel must sign in and contact their intended party if they enter MEDALLION INSTRUMENTATION SYSTEMS building beyond the receiving area or lobby. All suppliers must be accompanied by MEDALLION INSTRUMENTATION SYSTEMS personnel.

7. GENERAL TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS

1. AGREEMENT: This purchase order is an offer for the purchase of goods or services specified on the face of this purchase order. Any acceptance of this offer by Seller shall be an acceptance of all of the terms and conditions of this offer notwithstanding that Seller's expression of acceptance states additional or different terms from those in this offer or that Seller's acceptance is conditioned upon Buyer's assent to such additional or different terms. To the extent that Seller's acceptance states different or additional terms, Seller is notified that Buyer expressly objects to those different or additional terms. Acceptance shall include the receipt of Seller's written acknowledgment of this offer, commencement of work, performance of services or shipment of goods.

This purchase order, together with any specifications, drawings, designs, change orders, OEM purchase order (per paragraph 9 below) purchase order releases, Buyer's additional terms and conditions as maintained on its website and any amendments that are accepted and signed by the parties represent the entire agreement between the parties and can not be changed without Buyer's written consent. This purchase order supersedes any previous oral or written communications, including provisions in Buyer's request for quotes, Seller's quotations, proposals, acknowledgments or other documents. All modifications relating to this purchase order shall be in writing, signed by Buyer.

2. PRICE: The goods or services shall be furnished at a price set forth on the face of this purchase order. Unless otherwise stated, all prices shall be FOB Buyer's receiving facility. The prices stated are complete, and no additional charges of any type shall be added without Buyer's written consent, including, but not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating, drayage or containers. The time for payment shall not begin until correct and complete invoices and shipping confirmation documentation is received. Risk of loss or damage to goods in transit shall be upon Seller and Seller shall insure the goods in transit. Seller warrants that the prices specified herein are no less favorable than prices provided by Seller to other customers for like-kind merchandise (after consideration of all discounts, rebates and allowances).

3. DELIVERY: Time is of the essence. Deliveries shall be made within the time and in the quantities specified or in separate shipment releases, if applicable. All shipments shall be made with Buyer designated or approved carriers. If delivery is not timely, Buyer may direct Seller to make expedited routing at Seller's expense. Seller will enclose packing slips with all shipments showing purchase order numbers, descriptions, part numbers and

quantities. Buyer shall not be required to make payment for delivered goods in excess of specified quantities. Shipments in excess of that authorized by Buyer may be returned to Seller at Seller's expense. The goods shall be properly packed, marked, loaded and shipped as required by this contract and by the transporting carrier. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price. If delivery dates are not specified in this purchase order, Seller shall procure materials and fabricate, assemble, and ship goods only as authorized in shipment releases issued by Buyer. Invoices in DUPLICATE showing purchase order and release number shall be rendered promptly after shipment has been made. Invoices received by Buyer five days or more after shipment may be re-dated as of date received and payment made according to terms of purchase. Seller shall adhere to Buyer's shipment and other requirement as set forth in its administrative procedures as they may change from time to time, hereby incorporated by reference.

4. CANCELLATION: Buyer may cancel this purchase order or any term or condition hereunder in the event of any breach by the Seller. In the event of cancellation, Buyer shall not be liable to Seller for any amount, and Seller shall be liable to Buyer for all damages, direct or indirect, consequential and incidental, including attorneys fees, sustained by reason of the default which gave rise to the cancellation, including, but not limited to, any costs incurred by Buyer as a result of obtaining goods or services from another source.

5. TERMINATION: Buyer may immediately terminate all or any part of this order at any time for any reason upon notice to Seller. Seller immediately shall, and cause its suppliers and subcontractors to, stop all work on the portion of the purchase order so terminated. Seller shall submit a comprehensive termination claim with sufficient supporting data to Buyer within 60 days from the effective date of termination. Seller shall submit all supporting information as Buyer shall request. If such materials are delivered to Buyer, Buyer shall pay to Seller the price for unpaid: (a) completed goods and services; and (b) actual costs of work-in-process and raw materials incurred by Seller in furnishing the goods and services under this purchase order to the extent reasonable and properly allocable or apportionable under generally accepted accounting principles to the terminated portion of this order, less the reasonable value or cost (whichever is higher) of goods or materials used or sold by Seller with Buyer's consent. Buyer shall not pay for: (a) finished goods, works-in-process or raw materials in excess of this order or shipment releases; (b) undelivered goods which are in Seller's standard stock or that are readily marketable; (c) claims by Seller or Seller's subcontractors for loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement costs or rental, unamortized depreciation costs, and general and administrative burden charges arising from termination; (d) incidental, or other costs which could have been reasonably mitigated; or (e) consequential costs or damages. In no event shall Buyer's obligation to Seller for cancellation charges exceed the amount allowed by Buyer's customer for Seller's work. Buyer shall have the right to audit books, records, facilities, work, material, and inventories relating to any termination claim.

6. CHANGES: Buyer shall have the right to make changes in drawings, specifications or instructions for goods or services, in methods of shipments and packaging and schedules and place of delivery or inspection and Seller agrees to comply with such change notices. Such change notices shall be in writing and signed by a duly authorized representative of Buyer. If such changes result in a decrease or increase in the Seller's cost or in the time of performance, an adjustment in the price and time for performance will be made as mutually agreed. Unless Seller presents Buyer an itemized statement of claim within 20 days after the receipt of a change notice, the Seller shall be conclusively deemed to have waived all claims against Buyer with respect thereto. **Seller shall not make any change in design, material specifications, manufacturing or assembly processes or source of supply without the express written approval of Buyer.**

7. QUALITY AND INSPECTION: Payment for goods shall not constitute acceptance thereof. Buyer reserves the right to inspect goods during manufacturing and within a reasonable time after delivery, but such inspection does not relieve the Seller of its obligations to deliver conforming goods. Buyer shall have the right, in its sole discretion, to reject goods that are defective or non-conforming. Goods so rejected as well as goods supplied early, late, in incorrect quantities or that are incorrectly labeled may be returned to Seller at its expense and, in addition to Buyer's other rights, Buyer may charge Seller all expenses of unpacking, examining, repackaging, and re-shipping such goods. If Buyer receives goods whose defects or nonconformity is not apparent on examination and this results in damage to other goods, materials, equipment, or otherwise, Buyer reserves the right to require replacement of such goods, materials, etc. as well as reimbursement for all damages incurred by Buyer. Seller shall be responsible for any additional cost incurred by Buyer or any customer of Buyer as a result of Seller's delivery, quality, incorrect packaging or shipment quantities.

(a) Sellers of special machines and/or equipment must supply Buyer with two (2) instruction manuals and at least one (1) maintenance manual containing complete schematics, drawings, parts lists, specifications, sources of supply and complete service/test instructions. All design and construction of tooling, equipment or special machines sold to, or furnished or paid for by Buyer must be in accordance with Buyer's Engineering specifications. Any engineering design changes by Seller with regards to products, tooling, equipment or special machines sold to, or furnished or paid for by Buyer require the prior written approval of Buyer. Seller will furnish Buyer with a Certificate of Insurance for personal and property liability prior to proceeding with work on Buyer's premises.

(b) Seller acknowledges that it assumes all responsibility for ensuring, at its sole cost, that all testing and analysis as is needed to meet Medallion Supplier requirements or any other quality certification standards that Buyer's customers or Buyer requires on parts, components, materials, systems and processes incorporating or involving any product sold by Seller to Buyer hereunder will be properly completed, and satisfied, whether or not Seller is or has been certified as meeting such certification requirements apart from this Purchase Order.

8. WARRANTY: In addition to the warranties provided for in the purchase order, Seller represents and warrants to Buyer as follows: (a) the Goods strictly conform with the specifications, drawings, instructions, advertisements, statements on containers and labels, descriptions and samples furnished or specified by Buyer, its customer or Seller; (b) the Goods are free from defects in workmanship and material and shall be new and of the highest quality and the Goods are merchantable; (c) the Goods and materials comprising the Goods are genuine in all respects; (d) Seller acknowledges that it knows of Buyer's intended use of the Goods and that Buyer is relying on the Seller's skill and judgment to provide Goods that will be safe, fit and provide proper functionality for Buyer's intended use; (e) the Goods do not, and are not claimed to violate any patent, trademark, copyright or other intellectual property right and may be properly imported into the United States or any other country; (f) to the extent that the products being ordered and shipped bearing trademarks, the use of such trademarks has been properly authorized by the trademark owner, and such trademarks are valid and genuine; (g) Seller has good and marketable title to the Goods and all components therein, free of all security interests, liens and encumbrances; and Buyer shall receive title to the Goods which is free and clear of any liens, security interests or encumbrances; (h) that Seller will cure, by repair, replacement or otherwise as necessary (but will only replace Goods upon receipt of Buyer's advance order to do so), any breach of warranty occurring during the warranty period (whether due to defects in the Goods or due to or arising out of any statement in this Warranty Section being untrue or misleading at any time during such warranty period); and (i) the warranty period shall be that provided by applicable law, except that if Buyer offers a longer warranty to its customers (or end users of vehicles), such longer period shall apply. Such warranties shall survive inspection, test, delivery, acceptance, use and payment by Buyer and shall inure to the benefit of Buyer's successors, assigns, customers and other users of Buyer's products.

9. OEM REQUIREMENTS: Seller shall comply with the terms and conditions of any purchase order or other agreement received by Buyer from a third party (which is referred to herein as "OEM Customer") and which purchase order or other agreement referred to herein as "OEM Purchase Order" whereby Buyer agrees to supply to the OEM Customer, or incorporated into goods supplied to OEM Customer, goods or services. Buyer may, from time to time, supply Seller with information regarding OEM Purchase Orders, but, in any event, Seller shall be responsible for ascertaining any terms or conditions contained in OEM Purchase Orders that may affect Seller's obligations hereunder. Without restricting the foregoing, Seller shall take such steps, provide such disclosure and do all things as may be necessary or desirable and within its control to enable Buyer to meet Buyer's obligations to OEM Customers under OEM Purchase Orders. In the event Buyer reduces its price for goods or services during the term of this purchase order, Seller simultaneously shall reduce its prices for its component goods or services correspondingly. If there is any conflict between this paragraph and any other paragraph of this order, Buyer shall have the right to have the provisions of this paragraph prevail. Seller agrees to cooperate with Buyer and Buyer's OEM Customer in the event of any dispute.

10. INDEMNITY: Seller shall indemnify, defend, and hold harmless Buyer, its affiliates, directors, officers, employees, agents and customers from and against any loss, liability, costs, expenses (including reasonable attorney fees), suits, actions or claims, directly or indirectly arising out of or relating to: (a) an failure, violation, default or breach of any warranty, representation, covenant or agreement made in this purchase order by Seller; (b) injuries, death, disabilities or damage to property caused by Seller, its employees, agents and subcontractors or that are in any way attributable to the performance of Seller; and (c) other suits, claims or actions all as more fully set forth in Buyer's administrative procedures, hereby incorporated by reference.

11. ASSIGNMENT: Neither this order nor any interest therein may be assigned by the Seller without the prior written consent of the Buyer.

12. BUYER'S PROPERTY: Any special dies, tools, jigs, fixtures, equipment, patterns, drawings or other manufacturing data (including all copies of reprints thereof), related to the Products, or specifically paid for, in whole or in part, by Buyer, shall be the property of Buyer and subject to removal at Buyer's request. The Seller will not substitute any property for any Buyer's property, will not deliver or make available to any third party, any of the Buyer's property or any property or Products manufactured, developed or created with the aid of any of the Buyer's property and will not use any of the Buyer's property or any property or Products manufactured, developed or created with the aid of the Buyer's property, except in filling the orders of the Buyer. Buyer shall have the right at all reasonable times, upon prior request, to enter the Seller's premises to inspect any and all of Buyer's property and any property or goods manufactured, developed or created with the aid of Buyer's property. Seller agrees to insure Buyer's property for its agreed upon value. Buyer shall be named as the loss payee in such policy, and Seller shall not terminate said policy without thirty days prior written notice to Buyer. Seller agrees to hold Buyer harmless for any third party claims resulting from Seller's use of Buyer's property. In the event that this Agreement is cancelled or terminated, Seller shall return all of Buyer's property held by Seller within seven days of termination date.

13. BAILED PROPERTY: Seller bears all responsibility for loss of and damage to any property owned by Buyer or Buyer's customer and possessed by Seller for use in performing an order, including responsibility for loss and damage which occur despite Seller's exercise of reasonable care, but excluding normal wear and tear. Seller will (i) properly house and maintain such property on Seller's premises, (ii) prominently mark it property of Buyer or Buyer's customer, as applicable, (iii) refrain from commingling it with the property of Seller or with that of a third party, (iv) adequately insure such property against loss or damage (v) not place any marking on the property of Buyer relating to Seller or file any financing statement with respect to such property. Where permitted by law, Seller waives any lien, including any lien permitted by MCL 455.611 (Molder's Lien), that Seller might otherwise have on any of Buyer's or Buyer's customer's property for work done thereon or otherwise. Seller will assign to Buyer any claim Seller has against third parties with respect to Buyer's or Buyer's customer's property. Upon request, Seller immediately will deliver such property at Buyer's option F.O.B. Seller's facility or F.O.B. Buyer's premises, properly packed and marked in accordance with the requirements

of the carrier and Buyer. If Seller fails to deliver Buyer's property or the property of Buyer's customer in accordance with the provisions hereof, Seller shall indemnify and hold Buyer and Buyer's customer harmless from and against all damages, costs and expenses incurred by Buyer or its customer resulting therefrom including, without limitation, attorneys' fees and expenses.

14. COMPLIANCE WITH LAWS: Seller agrees to comply with all applicable U. S. and foreign federal, state and local laws, rules, regulations, conventions, ordinances or standards including those that relate to the manufacture, labeling, transportation, importations, licensing, approval or certification of the goods or services. Seller represents it will comply with all applicable labor, equal opportunity, handicapper and Fair Labor Standards laws and provide certifications to that effect as may be required from Buyer from time to time.

15. REMEDIES: Buyer's remedies shall be cumulative and remedies specified herein do not exclude any remedies allowed in law or equity. Waiver of any breach shall be specified in writing by Buyer's authorized representative and shall not constitute waiver of any other breach of the same or other provision. Acceptance of any items or payment therefore shall not waive any breach. Non-assertion of a known breach does not constitute a waiver of same. In addition to any right of set off provided by law, Buyer may assert against this purchase order all amounts due to Seller or its affiliates from Buyer or its affiliates.

16. INSURANCE: If this order covers the performance of labor for Buyer, Seller agrees to indemnify and protect Buyer against all liabilities, claims or demands for injuries or damage to any person or property arising out of the performance of this contract by Seller, its servants, employees, agents or representatives. Seller further agrees to furnish upon Buyer's request an insurance carrier's certificate showing that Seller has adequate Workman's Compensation, Public Liability and Property Damage Insurance coverage. Such certificate shall set forth the amount of coverage, number of policy and date of expiration. If Seller is a self-insurer, the certificate of the appropriate state agency must be sent directly to Buyer. The purchase of such insurance coverage on the furnishing of the certificate shall not be in satisfaction of Seller's liability hereunder or in any way modify Seller's indemnification of Buyer.

17. INSOLVENCY: Buyer may forthwith cancel the contract resulting from the acceptance of this purchase order in the event of the happening of any of the following, or of any other comparable event: (i) insolvency of the Seller, (ii) the filing of a voluntary petition in bankruptcy; (iii) the filing of an involuntary petition to have Seller declared Bankrupt, provided it is not vacated within thirty (30) days from the date of filing; (iv) the appointment of a Receiver or Trustee for Seller (provided such appointment is not vacated within thirty (30) days from the date of such appointment); or (v) the execution by Seller of an assignment for the benefit of creditors.

18. PROPRIETARY INFORMATION: Seller shall keep confidential and not use for any purpose other than fulfilling Seller's obligations hereunder all information,

drawings, specifications, inventions, engineering notices, financial information, technical data or other data furnished by Buyer all of which shall be returned to Buyer upon demand or upon completion by Seller of its obligations hereunder. Seller shall not advertise or publish the fact that the Seller has contracted to furnish Buyer goods or services or use any trademarks or trade names of Buyer in Seller's advertising or promotional materials without the written consent of the Buyer. Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information which Seller shall have disclosed or may hereafter disclose to Buyer in connection with the goods or services covered by this purchase order.

19. SEVERABILITY: Should any provisions of this contract be declared or be determined by a court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this contract.

20. INCONSISTENT TERMS: Terms that are typed or applied by rubber stamp on an order supersede any conflicting printed provisions and handwritten terms on an order govern over typed, rubber stamped or printed terms.

21. GOVERNING LAW AND CHOICE OF FORUM: This agreement shall be construed and governed in accordance with the internal laws of the State of Michigan, including the Uniform Commercial Code, without regard to conflict of laws provisions. The U.N. Convention on Contracts for the International Sale of Goods shall not apply. Any litigation between Seller and Buyer relating to the goods or services or the terms of purchase order shall be brought only in the United States District Court for the Eastern District of Michigan or in a state court located within the State of Michigan.

22. RIGHT TO AUDIT: Buyer shall have the right, in any reasonable time, to send its authorized representatives to examine all of the Seller's documents and materials relating to Seller's obligations hereunder, or relating to Seller's charges to Buyer. Seller shall maintain all pertinent books and records relating to this purchase order for a period of four (4) years after completion of delivery of products pursuant to this purchase order.

23. ETHICAL CONDUCT: Seller represents and warrants that its employees, agents and assigns shall deal with Buyer and its employees, agents and assigns in strict observance of the highest level of legal and ethical standards. Buyer's policies prohibit the acceptance of gifts, services or anything of such value that the good judgment of the recipient might be influenced, or that a third party might reasonably perceive as influencing that judgment.

24. INGREDIENTS, DISCLOSURES, SPECIAL WARNINGS AND INSTRUCTIONS: If requested by Buyer, Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct (a) list of all ingredients in the Goods purchased hereunder, (b) the amount of one or more ingredients, and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipments of the Goods purchased hereunder, Seller shall furnish to Buyer sufficient warning and notice in writing

(including appropriate labels on Goods, containers and packing) of any hazardous material which is an ingredient or a part of any of the Goods, together with such special handling instructions as may be necessary to advise carriers, Buyer, its customers, and their respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of the Goods, containers and packing shipped to Buyer. The Goods, and any such warnings, notices and markings shall comply with the minimum requirements under all applicable laws, regulations or guidelines, including, but not limited to, the Federal Insecticide, Fungicide and Rodenticide Act, the Toxic Substances Control Act, and guidelines and regulations issued by the Environmental Protection Agency, U.S. Department of Transportation, Occupational Safety and Health Administration, Consumer Products Safety Commission, and the U.S. Food and Drug Administration. Seller shall make available and provide Material Data Safety Sheets ("MSDS" sheets) to Buyer with the first shipment of each type or item of (a) Goods it supplies; (b) reformulated Goods supplied; and at any other time as requested by Buyer. Seller shall mark and describe all Goods for recycling in compliance with all applicable laws, and Federal Trade Commission rules and guidelines.

25. GOODS THAT INVOLVE MECHANICAL, ELECTRICAL, CHEMICAL COMPONENTS OR CIRCUITRY: In each instance that Seller ships Goods to Buyer that involve or include any mechanical, electrical, chemical or electronic components or circuitry, or any form of embedded or integrated software, Seller will also deliver to Buyer, on or before Buyer's receipt of the first such shipment of Goods, and thereafter as Buyer determines is necessary, and at no extra cost to Buyer, testing devices (in reasonable numbers as appropriate to the quantity and type of Goods) which will permit Buyer to verify proper functioning of all switches, signal devices and other operational aspects of the various types of components, circuitry and software involved with or included in the Goods. Shipments in excess of that authorized by Buyer or not meeting the requested quantities or the specified delivery dates may be returned to Seller at Seller's risk and expense.

8. PO TERMS AND CONDITIONS AS PRINTED ON THE PURCHASE ORDER

Medallion Instrumentation Systems, "Purchase Order Terms and Conditions" follows. In addition the "Medallion General Terms and Conditions" along with the "Medallion Supplier Requirements Manual" will apply. This will be provided to you upon request.

In the event of a conflicting statement between the Purchase order terms and conditions and the General Terms and conditions or the supplier requirements manual those printed on this purchase order will take precedence. Any issued PO that may result in the delay of delivery needs to be documented and confirmed within 2 business days or less.

Release authorization:

1. Fabrication authorization 4 weeks
2. Raw material authorization 6 Weeks

3.Obsolescence submission claim: Must be within 30 days of last released order shipped.

4.Purchase order policy: Goods and services performed without prior written authorization from Medallion buyer or material planners will not be honored.

Delivery:

Refer to Medallion General Terms/Conditions and Medallion Supplier Requirements Manual

Change order policy:

Medallion shall have the right at any time before the completion of the order to make changes in quantity, drawings, specifications, delivery schedules, packaging and transportation mode.

Quantities, Delivery, Releases:

Seller agrees to 100% on time delivery of the quantities and times specified by buyer, as stated in the order and material releases. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments , neither of which entitles seller to modify price. Purchase orders with “Master Releases” represents a forecast and should be used only for planning purposes and not intended as a commit to buy. Buyer is not obligated to accept early deliveries late deliveries, partial deliveries or excess deliveries. All shipments are subject to full audit by Medallion receiving personnel.

Quality:

PPAP submissions requirements for new parts/shipments shall be determined by Medallion quality manager or representative. No deviation without written documentation will be accepted, without written authorization from Medallion Quality, Purchasing or Material Planning representative. Material certifications should accompany shipments as required by Medallion quality and/or Medallion representative.

Packaging Identification, Weight, Transportation:

Refer to Medallion General Terms/Conditions and Medallion Supplier Requirements Manual