

TERMS AND CONDITIONS OF PURCHASE ORDER

This Purchase Order, incorporating the reverse side hereof, Proper Group International, Inc. a Michigan corporation, hereinafter referred to as "Purchaser", and the supplier whose name and address appear on the reverse side hereof, hereinafter referred to as "Seller":

1. OFFER AND ACCEPTANCE: This Purchase Order shall constitute an offer to be accepted by Seller; unless otherwise agreed, this Purchase Order shall be open for acceptance no more than thirty (30) days from the date hereof and Purchaser may withdraw this Purchase Order at any time before Seller's acceptance. The terms and conditions specified herein shall apply notwithstanding any contrary provision or condition of Seller's quotation or other form of acceptance of this Purchase Order. If Seller objects to any terms herein, such objection must be in writing specifically detailing said objections, and received by Purchaser at the address stated on the face hereof prior to acceptance. Issuance of Seller's Quotation or any other form of acceptance hereunder shall be conclusively deemed acceptance of the terms and conditions herein.

2. TITLE AND DELIVERY: Unless otherwise specified herein, the goods shall be delivered F.O.B. Purchaser's plant and title to said goods and liability for loss or damage thereto shall pass to Purchaser at such time provided further that such loss or damage shall not relieve Seller from any obligation for further performance hereunder.

3. SHIPMENTS: Shipments shall be made in accordance with Purchaser's instructions, which are subject to revision with respect to undelivered quantities. Mark all cases and packages with Purchaser's order number. Packing lists enumerating contents and showing Purchaser's order number, release number, item number, or other identifying number must be sent with each box, case, or package. Whenever possible, packing lists should be fastened to the outside securely but in such a manner that they may be removed for reference. Separate invoices must be rendered for each Purchase Order. If specified herein that freight is chargeable to Purchaser, Seller must also submit the original freight bill with invoice.

4. INSPECTION: Goods will be received subject to Purchaser's inspection and acceptance at destination, and Seller shall bear the risk of loss before acceptance. Payment shall not constitute acceptance. Purchaser may reject any goods which are, in Purchaser's judgement, defective or nonconforming at Purchaser's option and without prejudice to any other legal remedy, may hold such goods at Seller's risk or return same to Seller at Seller's expense. Defects are not waived by acceptance of goods, by payment or by failure to notify Seller thereof.

5. CHANGES: Purchaser may at any time prior to delivery and acceptance make changes in this order by giving written notice to Seller. Seller shall proceed immediately to perform the order as changed. If such changes affect delivery or amounts to be paid by Purchaser, an equitable adjustment in writing shall be made in the price or delivery schedule, or both. Any claim by Seller for adjustment under this paragraph must be received by Purchaser within 30 days from the date of Purchaser's change order or such claim shall be deemed waived. Failure of the Purchaser's change order or such claim shall be deemed waived. Failure of the parties to agree upon an adjustment under this paragraph shall not excuse Seller from proceeding with the order as changed. In the event Seller or Seller's sub-tier suppliers make any material change to the processes, equipment, tools or parts used by or in connection with production of the goods, Seller shall provide written notice to Purchaser within five (5) business days after first making such material change.

6. DELAYS: Time is of the essence in this contract. Seller shall not make deliveries in advance of Purchaser's delivery schedule or in anticipation thereof. Seller agrees to notify Purchaser immediately of any matters or events which may delay delivery of goods or performance hereunder. If Seller fails to comply with delivery requirements of this order or otherwise delays performance, Purchaser may cancel this order, subject to the terms and conditions contained in Paragraph 10 below. Purchaser may charge the Seller for any loss incurred upon such cancellation, unless Seller's failure or delay was due to unforeseeable causes beyond the control, and without the fault or negligence of Seller. Purchaser shall not be liable for failure or delay in performance hereunder, due to unforeseeable cause beyond its control.

7. PAYMENTS: Unless otherwise agreed, Seller's invoice payment dates shall commence no sooner than the date of actual receipt by Purchaser of the goods in complete accordance with the requirements hereof. Any adjustments in Seller's invoice due to shortage, late delivery, rejection or other failures to comply with this order, shall be made before payment.

8. WARRANTIES: Seller warrants that the goods and services to be furnished hereunder will be, (a) free from defects in materials and workmanship; (b) merchantable; (c) in full conformity with Purchaser's specifications, drawings and data and with Seller's samples, labels and advertisements; (d) fit for the use intended by Purchaser, if Seller has reason to know of such intended use; (e) conveyed with good title, free from all prior security interests, liens and encumbrances; and (f) in compliance with all federal state and local laws and regulations (including occupational, health and environmental control regulations) applicable to their manufacture, sale or intended use. This warranty is not waived by and shall survive inspection, acceptance and use of the goods and shall be in addition to any other warranty given by Seller. No implied warranties are excluded. This warranty shall run to Purchaser, its successors, assigns, customers and users of products.

9. PATENTS: Seller hereby warrants that the goods purchased hereunder and the sale or normally intended use of them will not infringe any United States or foreign patents. Seller agrees to indemnify and hold harmless the Purchaser, its successors and assigns, customers or users of its goods against any loss, damage, liability, costs and expenses (including reasonable attorney's fees) which may be incurred as a result of defending or settling any suit, claim, judgement or demand involving infringement or alleged infringement of any United States or foreign patent by the sale or use of the goods purchased hereunder. Seller agrees that it will, upon reasonable notice assume the defense of the Purchaser, its successors, assigns and customers of its goods, against any such aforementioned suit, claim or demand, in the event that the goods are held to be infringing and their use is enjoined. Seller shall, at its option and own expense, either procure for Purchaser the right to continue using the goods or replace them with noninfringing goods.

10. CANCELLATION: Purchaser reserves the right to cancel this order, or any part hereof, at any time, by giving written notice to Seller. In the event of such cancellation, Purchaser shall pay for all goods previously delivered and accepted by the Purchaser. An equitable settlement shall be made for costs incurred by Seller for goods and work in process, not to exceed the price specified in this order.

11. CONFIDENTIAL INFORMATION: Seller agrees to maintain in confidence and not to disclose, reproduce, or use for Seller's own purposes, all of Purchaser's technical, manufacturing or other proprietary data or know-how obtained in connection with work on Purchaser's premises. Nothing in this paragraph shall restrict Seller in the use of data or know-how which is available. Seller shall promptly return upon request of Purchaser, any and all materials and other information and documentation, including but not limited to, tooling, drawings, blueprints, and descriptions furnished to Seller by the Purchaser which embody such confidential information.

12. GOVERNMENT COMPLIANCE: Seller agrees to comply with all federal, state and local laws, executive orders, rules, regulations and ordinances which may be applicable to Seller's performance of its obligations under this order.

13. INDEMNIFICATION: If Seller performs any work on Purchaser's premises or utilizes the property of Purchaser, whether on or off Purchaser's premises, Seller shall indemnify and hold Purchaser harmless from and against any liability, claims, demands, or expense (including reasonable attorney's fees) for damages to the property of or injuries (including death) to Seller, its employees or any other person arising from or in connection with Seller's performance of work or use of Purchaser's property, except for such liability, claim or demand arising out of the sole negligence of Purchaser.

14. ASSIGNMENT: No right or interest in this Agreement shall be assigned or subcontracted by either the Seller or Purchaser without the written consent of the other.

15. TAXES, ETC.: Unless otherwise stated in writing by Purchaser all prices quoted by Seller shall be inclusive of transportation, insurance, state and local use, sales, property (ad valorem) and similar taxes, if applicable.

16. NON-WAIVER: No waiver by the Purchaser of any requirement of these terms and conditions shall be deemed a waiver of any other requirements, or an existing or subsequent breach of this order, whether of a like or different nature.

17. TERMINATION: Purchaser may immediately cancel this order in accordance with the terms and conditions contained in paragraph 10 above in the event of the happening of any of the following or other comparable event: 9a) insolvency of the Seller; (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of any involuntary petition in bankruptcy against Seller; (d) appointment of receiver or trustee for Seller; (e) execution of an assignment for the benefit of creditors by Seller (provided that the foregoing petition, appointment, or assignment is not vacated or nullified within fifteen (15) days of such event); or (f) in the event Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature).

18. REMEDIES: The rights and remedies reserved to Purchaser in this Purchase Order shall be cumulative and additional to all other or further remedies provided in law or equity.

19. GOVERNING LAW: It is the express agreement of the parties hereto that this Agreement is made and executed at the Purchaser's place of business; and the law of the State of Michigan shall govern all rights and duties of Purchaser and Seller hereunder.

20. CONSTRUCTION: In the construction of this Agreement, the term "goods" shall be deemed to include any services performed by Seller hereunder and to the extent applicable, the terms and conditions specified herein shall apply to the rendition of such services.

21. ENTIRE AGREEMENT: This Purchase Order, together with the attachments, exhibits, or supplements, specifically referenced in this Purchase Order and Seller's quotation or other form of acceptance of this Purchase Order, constitutes the entire agreement between Seller and Purchaser with respect to the matters contained herein and supersedes all prior oral or written representations and agreements. This Purchase Order may only be modified by an instrument in writing executed by the parties hereto.

22. RIGHT OF ENTRY. Purchaser, Purchaser's customers, and any and all governmental or other regulatory authorities shall have the right, upon prior notice and during normal business hours, to enter Seller's facilities and the facilities of Seller's sub-tier suppliers for the purpose of reviewing any item that is the subject of this Purchase Order or any other purchase order between the parties, work-in-process, quality and inspection systems, parts, processes, tooling, equipment and any and all documents, records and other information related to any of the foregoing. Seller and Seller's sub-tier suppliers shall provide safe and convenient access to all of the above without cost, contribution or reimbursement from Purchaser, Purchaser's customers or any governmental or regulatory authority or their respective shareholders, officers, directors, members, managers, partners, employees, or agents.

23. SUBTIER FLOWDOWN. Seller shall not engage any subcontractor or sub-tier supplier to manufacture or furnish goods which are the subject of this Purchase Order without the prior written consent of Purchaser, which consent shall not be unreasonably withheld; provided, however, that as a condition to Purchaser's written consent, each such subcontractor or sub-tier supplier shall be required to agree in writing to be bound by all of Seller's obligations under this Purchase Order.

PROPER GROUP INTERNATIONAL, INC.