

AUTIO COMPANY VENDOR AGREEMENT TERMS AND CONDITIONS OF PURCHASE

1. **Terms.** The purchase order is subject to the terms and conditions set forth below, and any terms contained on the face of the purchase order (collectively, the "P.O. Terms"). The delivery of any goods or the furnishing of any services pursuant to a purchase order, ("Purchase Order") shall constitute acceptance by Vendor of the Purchase Order subject to, and in strict accordance with, all of its terms and conditions. To the extent that terms submitted with a Purchase Order are inconsistent with those set forth herein, the terms submitted with the Purchase Order shall govern. Any reference submitted with a Purchase Order to Seller's proposal shall be exclusive of any terms and conditions attached to or referred to therein.

2. **Specifications.** All goods and services furnished pursuant to a Purchase Order shall strictly conform to the specifications, descriptions and warranties set forth in such Purchase Order or any written specifications provided by Autio to Vendor. No change in a Purchase Order shall be made except 1) upon written application to, and subsequent written authority of, Autio, or 2) upon receipt of a Change Order or revised specification from Autio.

3. **Time and Place of Delivery; Autio's Inspection; Acceptance.** Time is of the essence of a Purchase Order. Delivery will be made as specified in the Purchase Order. Autio reserves the right to reject goods and to cancel all or any portion of a Purchase Order in the event of failure to deliver at the time and place specified. Autio's acceptance of any part of a shipment not delivered as specified herein shall not obligate Autio to accept the remainder of that shipment or any future shipments. If Vendor is required to provide Material Safety Data Sheets, they will be delivered to Autio prior to delivery of any goods under a Purchase Order. All goods shall be received subject to Autio's inspection and acceptance, and subject to Autio's right to reject and return at Seller's expense goods which fail to conform strictly to the requirements of the applicable Purchase Order. All materials are subject to inspection and testing by Autio at Autio's plant or Autio's warehouse. In event that Vendor fails to deliver the goods at the time and place specified, Vendor shall be liable for Autio's costs due to such failure, including, but not limited to, [lost production time], product rework costs, scrap material costs, inspection costs, and transportation costs.

4. **Extension of Time of Delivery.** Autio shall not be liable to Vendor for any failure of Autio to take any delivery hereunder when due, if occasioned by any event beyond Autio's reasonable control, including without limitation fire, flood, earthquake, lightning or other acts of God; acts of, or compliance with the directions of, civil or military authority, including any federal, state or local agency or authority; wars; riots; insurrections; sabotage; accident; embargo; strike or other labor trouble; interruption of or delay in transportation; shortage or failure of supply of materials; or equipment breakdown. At Autio's option, the time for delivery hereunder shall be extended to the extent of the delay occasioned by any such circumstance and the deliveries so omitted shall be made during the period of such extension.

5. **Title; Risk of Loss.** Unless otherwise specified in the Purchase Order, title and risk of loss of any goods sold hereunder shall transfer to Autio at the time the goods are delivered to Autio's manufacturing facility or picked up by Autio.

6. **Packing, Marking, and Invoicing.** A packing list shall be included with each shipment. Autio shall not be charged for packaging, boxing, crating or cartage. All invoices, packing lists and bills of lading shall clearly reference piece number, Autio's Purchase Order number and Seller's packing slip number.

7. **Payment; Waiver of Liens.** Payment will be made following receipt and acceptance of the goods and receipt, in proper form and substance, of all documentation required by the applicable Purchase Order. Vendor shall furnish to Autio any analysis or breakdown of the price as Autio may reasonably request. The Purchase Order shall not be filled at prices higher than last quoted or charged by Vendor, except as expressly agreed by Autio. As a condition to any payment hereunder, Vendor shall furnish to Autio, upon request, an executed waiver of liens and claims in form reasonably satisfactory to Autio. Vendor agrees to indemnify, defend and hold harmless Autio from and against any and all liens and encumbrances arising out of Seller's performance of the Purchase Order or rising out of any claim for payment by any laborer, subcontractor or supplier of Vendor.

8. **Seller's Warranties.** Vendor expressly warrants that all goods and services covered by the Purchase Order will: (a) strictly conform to Seller's specifications, drawings, samples and other written materials and descriptions, or, to the extent the goods were purchased to Autio's specifications and drawings as set forth or referred to in this Purchase Order, that the goods strictly conform with those specifications and drawings; (b) be free from defects in design, material and workmanship; (c) be of merchantable quality and suitable for the particular purposes intended, whether express or reasonably implied. In addition, Vendor warrants that: (e) none of the goods covered hereby is adulterated or misbranded within the meaning of such laws as of the date of delivery to Autio; (f) all goods covered hereby may be introduced into interstate commerce without violation of applicable laws and regulations; (g) all services have been performed in a good and workmanlike manner; and (h) all goods and services furnished or rendered pursuant to the Purchase Order have been produced, sold, delivered or rendered to Autio in compliance with all applicable laws and regulations

9. **Autio's Remedies.** Autio's acceptance of all or any part of the goods or services provided hereunder shall not be deemed a waiver of the failure of such goods or services to conform to all of the warranties set forth in Section 8. Autio retains the right to cancel any portion of the remaining order, to reject any portion of the goods or services delivered, or to revoke acceptance as to any portion of the goods or services accepted, and return such goods to Vendor and to recover the purchase price, any excess costs of cover, and damages, including manufacturing costs, costs of removal or recall, transportation and custodial expenses, injury to person or property incurred by Autio, all in addition to Autio's other remedies under the applicable Purchase Order or applicable law. If Vendor becomes insolvent or makes an assignment for the benefit of creditors, or files or has filed against it any petition in bankruptcy, Autio shall have the right to cancel any outstanding Purchase Order immediately.

10. **Insurance for Autio's Equipment.** While Autio's tools, designs, fixtures, molds, electros or other equipment or property remain in Seller's possession, all such property shall be insured by Vendor at his own cost and expense for their full insurable value against loss by theft, fire and other hazard included in extended coverage insurance. In the event of any loss, the insurance proceeds shall forthwith be paid over to Autio. At Autio's request Vendor shall furnish Autio with policies or certificates of such insurance.

11. **Ownership of Equipment.** Any forms, tools, designs, jigs, fixtures, molds or other equipment specified on a Purchase Order, or required by Vendor for the performance of this order, whether standard or special, and paid for by the Autio, shall remain Autio's property, and shall be subject to immediate recall by the Autio at any time by written notice to the Vendor. While in Seller's possession, all such property or equipment utilized in the manufacture of products for the Autio shall be fully maintained by the Vendor at his own expense.

12. **Labor, Work and Services.** In supplying any services hereunder, Vendor warrants that it is, and undertakes such performance as, an independent contractor, with sole responsibility for the payment of all federal and/or state unemployment insurance, social security and/or other similar taxes incurred hereunder. Any performance by Vendor under a Purchase Order on Autio's premises shall be in full compliance with Autio's safety and other rules and procedures and with all federal and state laws and regulations regarding workplace safety, including without limitation, laws pertaining to occupational safety and health.

13. **Patent, Copyrights, Trademarks.** Vendor warrants that the goods furnished under or used in connection with any Purchase Order (except those furnished according to Autio's specific design) and Autio's express or reasonably implied intended use thereof, do not and will not infringe any patent, copyright, trademark, trade secret or other proprietary right of any third party. If any claim, suit or proceeding is made or instituted against Autio alleging any such infringement, Vendor shall indemnify, defend and hold Autio harmless from and against any damages, liabilities, judgments, costs and expenses (including without limitation reasonable attorney's fees) it may incur in connection with any such claim, suit or proceeding. In the event that the goods or Autio's use is held in any suit or proceeding to constitute an infringement, or if Vendor determines that there is a substantial risk of a finding of such infringement, Vendor agrees, as appropriate, and at its expense to: (a) procure for Autio, at no expense to Autio, the right to continue using the goods, (b) replace the goods with equivalent goods that meet the requirements of the applicable Purchase Order and that do not infringe any such rights, or (c) modify the goods so that they become non-infringing.

14. **Laws and Regulations.** Vendor warrants that all goods provided under a Purchase Order have been produced and all services performed in compliance with applicable federal, state and local laws, ordinances, codes, rules, regulations or standards, including without limitation, the Fair Labor Standards Act, and those pertaining to the manufacture, labeling, invoicing and sale of such goods or services, environmental protection, immigration, employment and occupational safety and health.

15. **Assignment and Set-Off.** Vendor shall not assign its rights or delegate its performance hereunder, nor any interest herein, without Autio's prior written consent and any attempted assignment or delegation without such consent shall be void. Autio shall be entitled at all times to set-off any amount owing from Vendor to Autio against any amounts otherwise payable to Vendor.

16. **Confidentiality.** Vendor and its directors, officers, employees and agents shall not disclose to any third party any information pertaining to the goods provided or services performed hereunder, or pertaining to Autio's business or operations which Vendor obtains or has access to in connection herewith, without the prior written consent of Autio.

17. **Termination.** Autio may at any time, without cause, terminate a Purchase Order in whole or in part upon written notice to Vendor. In such event, Vendor shall be entitled to a reasonable termination fee consisting of a percentage of the Purchase Order price reflecting the percentage of the work, goods delivered or services properly performed prior to termination. Payment of such termination fee shall be Seller's sole remedy; provided, however, that if Autio terminates a Purchase Order for non-custom goods or services more than thirty (30) days prior to the delivery date specified in the original Purchase Order for such goods or services, Seller shall not be entitled to any termination fee. Upon Buyer's request, Seller shall preserve, protect and deliver to Buyer, at Buyer's expense, materials on hand, work in progress, and completed work, both in its own and in its suppliers' plants.