

The following terms and conditions shall be part of the purchase order identified on the face hereof (the buyer being herein called "Wichita Clutch").

**1. ACCEPTANCE:** Acceptance of this order and each of its terms and conditions will be evidenced by the Seller's execution of the acknowledgment copy hereof, or by the Seller's commencement of performance or shipping. Unless otherwise specifically indicated on the face hereof, this order is not an acceptance of any offer, quotation or proposal made by Seller, and any reference thereto is made solely for the purpose of specifying prices and the nature and description of the goods and services ordered. This order is conditional upon acceptance of the terms and conditions herein contained. Any other additional or different terms shall be deemed objected to by Wichita Clutch without need of further notice of objection, and shall be of no force or effect. No variations in the delivery schedule, price, quantity, specifications or other provisions of this order, and no new additional or different terms or provisions, will be binding on Wichita Clutch unless agreed to in writing and signed by Wichita Clutch's Purchasing Agent or other authorized representative.

**2. ACKNOWLEDGMENT:** An acknowledgment of this order must be returned promptly to Wichita Clutch. Shipment and/or delivery must be made to agree with the schedule as recorded on the face of this order or if the Seller cannot meet Wichita Clutch's requested schedule, Seller must so state on the acknowledgment indicating thereon the best schedule that can be met, which Wichita Clutch may accept or reject.

**3. DELIVERY SCHEDULE:** Unless otherwise agreed to in writing, Seller shall not make material commitments or production arrangements in excess of the amount ordered or in advance of the time necessary to meet Wichita Clutch's delivery schedule. It is the Seller's responsibility to comply with this schedule, but not to anticipate Wichita Clutch's requirements. Goods shipped to Wichita Clutch in advance may be returned to Seller at Seller's expense or payments of invoices may be withheld until the required delivery dates, unless specific authorization is granted by Wichita Clutch for advanced delivery. If payment of invoices are withheld, they will be discounted in the usual way, effective from the required delivery date.

Partial shipments of material where no partial shipment is specified may be returned to the Seller at Seller's expense unless specific authorization is granted by Wichita Clutch for partial delivery or payment of invoices may be withheld until order is complete. Discount terms will be calculated from the date the final invoice is received or from the date material is received completing the order, whichever is later.

**4. CHARGES:** This order may not be filled at prices higher than quoted or heretofore charged, or at price in effect at time of shipment, without the written consent of Wichita Clutch. The Seller warrants that no prices or other charges to Wichita Clutch hereunder will be in violation of any price control regulation of the United States Government. No charges of any kind, including charges for boxing or cartage will be allowed unless specifically authorized by Wichita Clutch in writing. Transportation charges on materials or articles furnished under this purchase order, shall be in accordance with the carrier's tariffs lawfully in effect at the time shipments are moved or the services performed.

**5. TAXES:** The prices stated herein include all present and future taxes applicable to this order, and the same shall be paid by Seller, excepting only that the State Sales Tax is designated on the face hereof will be paid by Wichita Clutch if the "Not for Resale" box is marked on the face of this order.

**6. INSURANCE:** Until delivery to Wichita Clutch, the Seller shall assume the risk for Wichita Clutch's equity in the materials to be supplied under the terms of this Purchase Order. The usual forms of "all risk" insurance shall be maintained in an amount at least equal to their value and in no event less, at any time, than the aggregate of all the amounts paid the Seller on account thereof. Such insurance policies shall provide that all claims for losses thereunder shall be paid to Wichita Clutch or the Seller, as interest may appear, and shall be delivered to Wichita Clutch upon request. If this order deals with construction, repair, or maintenance (including painting) or any building, equipment or machinery located on the premises of Wichita Clutch, or any other activity requiring the presence of Seller, its employees, agents or subcontractors, on the premises of Wichita Clutch, the Seller waives as against Wichita Clutch, any claims or causes of action for damages or injury to persons

or property arising out of its performance of the work hereunder or of its presence on the premises of Wichita Clutch, and Seller shall (i) maintain and carry Public Liability, Workmen's Compensation, and Employer's Liability Insurance covering all employees engaged in the performance of the work and all other persons who are on the property of Wichita Clutch at the invitation of the Seller: (ii) indemnify, defend and save Wichita Clutch harmless from and against all loss, damage, liability, claims, causes of action, or liens arising out of injury (or death) to person or property resulting directly or indirectly from Seller's performance of the work or from the presence of Seller, its employees, agents or subcontractor, on the premises upon which the work is done: and (iii) indemnify Wichita Clutch against any loss or claim arising from the workmanship or the material furnished by the Seller.

**7. SPECIFICATIONS AND WARRANTY:** The Seller expressly warrants to Wichita Clutch and to Wichita Clutch's successor in interest to the goods that all materials, articles, or work covered by this order will conform to, and comply with the terms for this order and to the applicable specifications and standards incorporated herein, will be suitable for the intended use, if such use is disclosed to Seller or is otherwise known to Seller, will be of merchantable kind and will be free from defects. The Seller agrees all materials or articles or work or any part thereof found defective within one year after delivery to Wichita Clutch or to its customer, whichever be later, will be replaced, without charge, if requested by Wichita Clutch. The foregoing warranty shall apply to all repairs or replacements and shall extend for one year from completion of such repair or replacement. Such warranties are in addition to any other warranty, express or implied, or service guarantee of Seller.

**8. INSPECTION:** All material and articles will be new unless otherwise specified, and all materials and workmanship shall be subject to inspection and approval by Wichita Clutch, its assigned Inspection Agencies and/or the Government. Final inspection will be made after receipt by Wichita Clutch; if rejected, the goods will be held for disposition at the Seller's risk and any expense or payment on account thereof will be promptly refunded by the Seller without prejudice to any other rights of Wichita Clutch under warranties or otherwise. Any inspection or approval at the Seller's plant or elsewhere during or after manufacture, whether or not such inspection or approval be provided for by the terms of this purchase order, shall be provisional only, and shall not constitute final acceptance or be construed as a waiver of the foregoing right of inspection and approval or rejection after receipt of the materials or articles by Wichita Clutch.

**9. Wichita Clutch PROPERTY:** Wichita Clutch's patterns, specifications, drawings, tools, and dies shall not be used for any purpose other than supplying Wichita Clutch requirements without Wichita Clutch's consent and shall remain Wichita Clutch's property, shall be kept in good condition by Seller, and upon request shall be promptly delivered to Wichita Clutch.

**10. NO ASSIGNMENT OR SUBCONTRACTING:** This order, or any rights thereunder, may not be assigned or hypothecated, and none of the work which Wichita Clutch contemplates being performed by Seller shall be subcontracted without Wichita Clutch's prior written consent: and, if and when subcontracting is allowed, Seller shall continue to comply with, and be bound by, all provisions of this order.

**11. LAWS & REGULATIONS:** Seller agrees to comply with all Federal, State and local laws, ordinances, rules and regulations which may be applicable; and, upon request, Seller shall certify to such compliance. Seller shall manufacture the goods covered by this order so as to comply with the FEDERAL OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970 and with the standards promulgated pursuant thereto, if and to the extent applicable.

Seller warrants that the articles ordered were, or will be, produced, and all services will be performed, in compliance with the FAIR LABOR STANDARDS ACT OF 1938, as amended. If and to the extent applicable, Seller shall comply with the provisions of, and the rules and regulations issued pursuant to: Executive Order #11141, Non-Discrimination Because of Age, Executive Order #11246, Non-Discrimination in Employment, Executive Orders #11458 and #11625. Utilization of Minority Business Enterprises, Executive Order #11701, Listing of Job Openings for Veterans; and the Rehabilitation Act of 1973. Employment of Handicapped Persons; as any of the same have been, or may be, revised or amended from time to time. Every provision of the applicable Executive Orders, rules, regulations of laws which is required to be incorporated in contracts of this kind is incorporated herein by reference and shall have the same force and effect as if herein set forth in full.

**12. TITLE:** The Seller warrants that at the time of delivery to Wichita Clutch of the articles called for by this order and/or at the time payment is made by Wichita Clutch on account of such articles or on account of any material, equipment, supplies, or other property to be incorporated in the articles, or on account of any work, labor or services, there shall be no liens or rights in rem of any kind lying or attached upon or against any such articles and materials; and as a condition precedent to any payment the Seller shall, upon Wichita Clutch's request, furnish such affidavits and other documents and agreements with respect to liens and rights in rem as Wichita Clutch may require.

**13. PATENTS, TRADEMARKS AND COPYRIGHTS:** Unless otherwise agreed in writing, the Seller shall defend at Seller's expense and pay costs and damages awarded in any suit brought against Wichita Clutch or its customers based on the use or sale of an article constituting actual or alleged infringement of a United States patent, trademark or copyright.

**14. INDEMNIFICATION:** The Seller agrees to indemnify and hold Wichita Clutch free and harmless from any and all claims for damages caused to persons or property as a result of defects in the items covered by this order; and from any and all liability, loss or damage arising out of any act or omission of Seller, or its agents or employees, or out of Seller's failure to comply with any applicable laws, or governmental regulations, or with any of these terms and conditions.

**15. NOTICE OF DELAYS:** Whenever any actual or potential cause delays or threatens to delay performance of this order, Seller shall immediately notify Wichita Clutch in writing. Such notice shall include all relevant information concerning such cause or delay and its background. Seller shall keep Wichita Clutch advised during the period such actual or potential cause exists of its effect on the schedule or work and shipments or deliveries and the measures being taken to remove it.

**16. CHANGES:** Wichita Clutch may at any time, by written order, without notice to any surety, make changes or additions in or to drawings, designs, specifications, instructions for work, method of shipment or packing, or place of delivery; and Seller shall forthwith proceed with its work under the contract as changed. If any such change causes an increase or decrease in the cost of, or the time required for, performance under the contract, Seller shall notify Wichita Clutch in writing immediately and an appropriate equitable adjustment will be made in the price, or time of delivery, or both, by written modification of the contract. Seller's failure to assert a written claim for adjustment within 30 days after Seller's receipt of Wichita Clutch's change order shall constitute a waiver of such claim.

**17. CANCELLATION:** (a) All shipping or delivery dates in this order are firm. Time is of the essence in the performance of this order, and no acts of Wichita Clutch shall constitute a waiver of this provision. (b) Wichita Clutch, without waiving any other rights, reserves the right to cancel this order, in whole or in part, by written or telegraphic notice, without liability, except for goods previously delivered and accepted. Subject to setoff of any claim Wichita Clutch may have against Seller, if: (1) Seller fails to deliver or perform as specified, or if Seller breaches any of the terms and conditions or warranties hereof; or (2) Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature), or any proceeding is brought against or instituted by Seller under bankruptcy or insolvency laws, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by Seller.

(c) Wichita Clutch may, at any time, terminate this order, in whole or in part, for its convenience upon written or telegraphic notice to the Seller, in which event, upon receipt of such notices, unless otherwise directed by Wichita Clutch, Seller shall immediately discontinue all work and the filling of orders for materials and supplies in connection with the performance of this purchase order, and shall proceed to cancel promptly all orders outstanding; and Wichita Clutch shall negotiate with the Seller an amount to be paid in full settlement for the reasonable and necessary expenses incurred directly incident to this order up to the date of cancellation. Wichita Clutch, however, shall not be liable for any loss of profits on this order or the portion thereof so cancelled. If such cancellation is caused by termination of a government contract, Wichita Clutch will reimburse the Seller to the extent that reimbursement, if any, received by Wichita Clutch from the government on account of termination of its contract is attributable to this order.

**18. INVOICE:** A separate invoice for each shipment, bearing the Wichita Clutch order number, must be mailed promptly. When a shipment made by another concern is invoiced by Seller, the invoice, and other papers, must bear the name of the shipper and point from which shipment originated.

**19. PAYMENT:** Payment of net and discount invoices will be calculated from the date acceptable invoices conforming to the order are received at Wichita Clutch's designated offices, or from the date of receipt of acceptable goods at Wichita Clutch, whichever is later.

**20. SHIPPING:** Unless otherwise instructed, the Seller shall prepay all transportation and related shipping charges and shall itemize such charges on the invoice. In the absence of specific routing instructions, shipments are to be made "Best Way".

Wichita Clutch's purchase order number and other identification specified shall appear conspicuously on all documents, shipping notices, bills of lading, packing lists, invoices and other papers, and on each package, box, keg, bale, bundle or other type of container. Local and warehouse shipments of steel and bar stock, and the like, must be marked or tagged with name of shipper and shipping point to facilitate prompt identification upon receipt. All goods shall be packaged and packed adequately to ensure arrival at destination in an undamaged condition. All export shipments must be boxed and contents rust proofed and otherwise protected to prevent damage in transit and meet all export shipping requirements.

**21. GOVERNMENT CONTRACT PROVISIONS:** If indicated on the face hereof that the goods or services covered by this order are for use by Wichita Clutch in performing any U.S. Government Agency contract, or for performance of a subcontract under such contract, then, and in that event, the Seller agrees to perform in accord with, to abide by, and to comply with, all of the applicable provisions of Title 48 of the Code of Federal Regulations ("CFR") relating to procurement by U.S. Governmental Agencies; as in effect as of the date of the prime contract, including without limitation the provisions incorporated by reference into this order, in Attachment A hereto.

**22. COST ACCOUNTING STANDARDS:** When specifically set forth on the face of the purchase order, Seller shall comply with Public Law 100-679, dated 1988, and all of the rules, regulations and standards prescribed by the Cost Accounting Standards Board, including Federal Acquisition Regulation (FAR) Chapter 99. Seller agrees to indemnify and hold Wichita Clutch free and harmless from any and all liability, loss or damage arising out of failure of Seller, or Seller's subcontractors, if any, to comply with said law, rules, regulations, or standards, as the same may be revised or amended from time to time.

**23. GENERAL:** This purchase order and any documents incorporated herein by reference supersede all prior understandings, transactions and communications, or writings with respect to the matters referred to herein and constitute the sole and entire agreement between the parties. Any representation, promise, course of dealing, or trade usage, not contained or referenced herein, shall not be binding on Wichita Clutch. No modifications, amendment, rescission, waiver, or other change shall be binding on Wichita Clutch unless agreed to in writing by Wichita Clutch. All warranties herein shall be construed as conditions as well as warranties, and the warranties and conditions herein contained shall not be deemed to be exclusive.

**24. APPLICABLE LAW:** The rights and obligations of the parties shall be governed in all respects by the laws of the State or Commonwealth in which this purchase order is issued.