

RICARDO PURCHASE ORDER **TERMS AND CONDITIONS 1/2003**

CONTRACTING PARTIES AND ACCEPTANCE –Ricardo, Inc. (herein called “Ricardo”) and the person, firm or company accepting the Purchase Order (whose name is stated on the face of this Purchase Order as “VENDOR”) (herein called “Vendor”) are the parties to this Purchase Order. The Vendor has read and understands the Purchase Order. By signing the Purchase Order, the Vendor agrees to be bound by these terms and conditions.

PRICES – The price for the goods or services provided shall be as stated on the Purchase Order in the Unit Price and Extension. In the event of a conflict between the Quantity Ordered, the Unit Price and the Extension, the Extension shall control. To the extent that no Unit Prices or Extension are stated on the Purchase Order, the Unit Prices charged by the Vendor for this Purchase Order shall not exceed the Unit Prices last previously quoted or charged Ricardo for similar quantities. The Vendor warrants that the Unit Prices in the Purchase Order are as low as any net prices now given by the Vendor to any other customer for the goods in like quantities or services. The Vendor agrees that if at any time before delivery of the goods or completion of the services the Vendor quotes or sells at lower net prices similar goods or services in like quantities, such lower net prices shall thereupon be substituted for the prices in this Purchase Order.

PAYMENT TERMS – Unless otherwise indicated on the face of the Purchase Order, payment shall be in United States dollars in the total amount stated under the Extension on the face of the Purchase Order. Payment is due forty-five (45) days from receipt of the final invoice or final delivery of goods or services, whichever is later. Failure to comply with the instructions on the face of this Purchase Order may delay payment, but such delay in payment shall in no way affect Ricardo’s right to any cash discount allowed on the price of goods or services. Ricardo may withhold payment pending receipt of adequate evidence in such form and detail as Ricardo may require of the absence of any liens, encumbrances and claims on the goods or services delivered under this Purchase Order. Ricardo shall be entitled to any prompt payment discounts offered by the Vendor and achieved by Ricardo.

SPECIFICATION OF GOODS AND WARRANTY – All goods supplied and work performed under this Purchase Order shall strictly conform to specifications, drawings, samples or other descriptions furnished or adapted by the Ricardo. All goods supplied and work performed under this Purchase Order shall strictly conform to all applicable industry and government standards. All goods delivered shall be of first quality, new and unused unless otherwise specifically stated on the face of this Purchase Order. No substitutions shall be allowed without the specific written consent of an authorized Ricardo official. All goods and services are sold with all of the Vendor’s commercial warranties and, in any case, warranted by the Vendor to be fit, proper and free of defects in design (to the extent that the Vendor furnished the design), materials, and workmanship, merchantable and sufficient and suitable for the purpose intended. In addition, the Vendor acknowledges that the Vendor knows of Ricardo’s intended use and warrants/guarantees that all goods covered by this contract that have been selected, designed, manufactured or assembled by the Vendor based upon Ricardo’s stated use will be fit and sufficient for the particular purposes intended by Ricardo. The warranty period shall be that provided by applicable law, except that if Ricardo offers a longer warranty to its customers and the goods or services provided by the Vendor are incorporated into work for a Ricardo customer, such longer period offered by Ricardo to its customers shall apply.

QUANTITIES – The Vendor shall deliver the Quantity Ordered as stated on the face of the Purchase Order. Ricardo’s count of the goods delivered shall be accepted as final and conclusive on all deliveries not accompanied by a packing slip indicating the quantity delivered. Any delivery in excess of Quantity Ordered may be either returned or stored by Ricardo at the Vendor’s expense. If Ricardo’s count shall reveal a shortage, Ricardo may at its sole option either accept such a partial delivery with pro rata reduction in price or return such partial delivery at the Vendor’s expense.

SUPPLIER QUALITY AND INSPECTION –The Vendor agrees to participate in Ricardo’s supplier quality and development program(s) and to comply with all quality requirements and procedures specified by Ricardo. In addition, Ricardo shall have the right to enter Vendor’s facility at reasonable times to inspect the facility, goods, materials and any property of Ricardo covered by this contract. Ricardo’s inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods.

NONCONFORMING GOODS – The Vendor acknowledges that Ricardo will not perform incoming inspections of the goods, and waives any rights to require Ricardo to conduct such inspections. Ricardo may reject any goods delivered or work done not in strict conformity with any requirement of this Purchase Order. Ricardo may return any goods rejected by the Ricardo at the Vendor’s expense. Ricardo’s failure to reject any goods shall not be deemed to a waiver of any right hereunder or under applicable law. To the extent Ricardo rejects goods as nonconforming, the quantities under this contract will automatically be reduced unless Ricardo otherwise notifies the Vendor and the price paid by Ricardo shall correspondingly be reduced. The Vendor will not replace quantities so reduced without a new contract or schedule from Ricardo. Ricardo will hold Nonconforming goods in accordance with the Vendor’s instructions at the Vendor’s risk. The Vendor’s failure to provide written instructions within 10 days, or such shorter period as may be commercially reasonable under the circumstances, after notice of nonconformity, shall entitle Ricardo, at Ricardo’s option, to charge Vendor for storage and handling or to dispose of the goods without liability to Ricardo. Payment for nonconforming goods shall not constitute an acceptance of them, limit or impair Ricardo’s right to assert any legal or equitable remedy, or relieve the Vendor’s responsibility for latent defects.

CHANGES IN PURCHASE ORDER –The goods or services to be delivered, price, terms and other items stated in this Purchase Order shall not be changed or substituted without the written authority of an authorized Ricardo official in accordance with these terms and conditions. Ricardo reserves the right at any time to direct changes, or cause the Vendor to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by this contract including work with respect to such matters as inspection, testing or quality control. Vendor agrees to promptly make such changes. Ricardo shall equitably adjust any difference in price or time for performance resulting from such changes after receipt of documentation in such form and detail as Ricardo may direct.

EXTRA CHARGES – All charges are included in the payment amount stated on the face of the Purchase Order. No extra charge shall be made for wrapping, packing, cartons, boxes, crating or cartage unless such extra charge is expressly stated and incorporated in this Purchase Order. The Vendor shall pay at the Vendor's expense all taxes, including but not limited to sales and use taxes.

DELIVERY AND TRANSPORTATION – The Vendor shall handle, package, store and deliver all goods at the Vendor's expense unless otherwise stated on the face of this Purchase Order. All goods shall be delivered by the Vendor to the Location indicated on the face of the Purchase Order on or before the Required Date indicated on either the Purchase Order or the release for such shipment issued by Ricardo. The Vendor acknowledges and agrees that time is of the essence in providing the goods or services under this Purchase Order and deliveries shall be made both in the quantities and at the times specified in the Purchase Order. Ricardo may change the rate of delivery or direct temporary suspension of deliveries at no cost to Ricardo. Where delivery schedules are not specified, Vendor shall deliver goods or services in such quantities and at such times as Ricardo may direct in subsequent releases. All goods shall be suitably packaged, marked or otherwise prepared for delivery in accordance with the carrier's requirements and those of Ricardo as specified in this Purchase Order. Goods should be delivered by the most economical means of transportation adequate to meet the Required Date unless specifically directed otherwise by Ricardo. Until delivered to, inspected by and finally accepted by Ricardo, the risk of loss and damage of all goods shall remain on the Vendor.

SPECIAL ITEMS AND RICARDO MATERIAL- (a) All patterns, gauges, jigs, tools, templates, drawings, specifications and other things delivered to Vendor by Ricardo or purchased or made by Vendor for performance of this Purchase Order are called "Special Items." Any materials supplied by Ricardo are called "Ricardo Material". (b) Special Items or Ricardo Material may not be used by Vendor for any purpose other than the production of goods or work for Ricardo, must be treated by Vendor as confidential and not disclosed to others, must be held by Vendor in safe custody and free from loss or damage, must be maintained in good usable condition and must be returned to Ricardo immediately upon demand. (c) Vendor may not supply Ricardo Material to anyone other than Ricardo except with Ricardo's specific written consent. (d) Title to Ricardo Material (whether charged to Vendor or not) will not pass to Vendor but will remain with Ricardo unless properly discarded as waste by the Vendor, in which case, title shall reside with the Vendor. The Vendor shall assume the risk of loss and damage to Special Items and Ricardo Material upon delivery to Vendor. Ricardo Material (whether charged to Vendor or not) may only be used by Vendor for fulfilling this Purchase Orders and Vendor will render to Ricardo, on request, a full and complete record of consumption. (e) Special Items and Ricardo Material mailed to the Vendor by Ricardo under this Purchase Order shall be insured comprehensively for their full value by the Vendor and the relevant policy, to which Ricardo shall be named as an additional insured party, shall be produced to Ricardo upon demand.

PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS – The Vendor represents and warrants that goods provided under this Purchase Order may be used and sold anywhere in the world without infringing any patent, registered design, trademark, copyright, or similar intellectual property right. The Vendor covenants and agrees to hold harmless, indemnify and defend Ricardo, its successors, assigns customers and users from and against any damages, compensation, costs, liabilities, claim and expenses resulting from any such infringement or alleged infringement (including attorney fees) arising from the goods or services provided by the Vendor under this Purchase Order. If at any time Ricardo is advised or has good cause to believe that the goods or services infringe any such patent, registered design, trademark, copyright, or similar intellectual property right, Ricardo may either, (1) cancel the contract without thereby incurring any liability or (ii) require the Vendor to provide goods or services satisfying Ricardo's Purchase Order which do not so infringe. In the event of cancellation of this Purchase Order pursuant to this clause, the provisions of this clause remain in effect and binding upon Vendor. The Vendor shall give prompt written notice to Ricardo of any infringement or alleged infringement of any intellectual property rights related to the goods or services provided hereunder.

DEFAULT AND CANCELLATION – Should the Vendor fail to make delivery of the goods or to perform the services in strict accordance with any requirement of this Purchase Order, Ricardo may terminate this Purchase Order in whole or in part. Ricardo may then procure upon such termination under terms and conditions and in such manner as Ricardo may deem appropriate, goods or service similar to those covered by the termination of this Purchase Order. The Vendor shall be liable to the Ricardo for any excess costs for such goods or services and for all damages and costs of Ricardo related thereto. Ricardo may seek such other damages, including indirect, incidental or consequential damages, in law or equity as may be available. The Vendor shall not be considered in default if such failure is due to causes beyond his control and without negligence on his part. Such causes include Acts of God or of the public enemy, fire, flood, epidemics, quarantines, freight embargoes or unusually severe weather. During the period of such delay or failure to perform by the Vendor, Ricardo, at its option, may purchase goods and services from other sources and reduce its schedules to Vendor by such quantities, without liability to the Vendor, or have the Vendor provide the goods and services from other sources in quantities and at times requested by Ricardo, and at the price set forth in this contract. In addition, the Vendor at its expense shall take such actions as are necessary to ensure the supply of goods and services to Ricardo for a period of at least 30 days during any anticipated labor disruption or resulting from the expiration of the Vendor's labor contract(s). If

requested by Ricardo, the Vendor shall, within 10 days, provide adequate assurances that the delay shall not exceed 30 days. If the delay lasts more than 30 days or the Vendor does not provide adequate assurance that the delay will cease within 30 days, Ricardo may immediately terminate this contract without liability. Ricardo's failure at any time to require performance by the Vendor of any provision of this Purchase Order shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver by Ricardo of a breach of any provision of this Purchase Order constitute a waiver of any succeeding breach of the same or any other provision. In addition, Ricardo may cancel this Purchase Order without any cost, expense or liability by notice received by the Vendor on or before the Cancellation Date, if any, on the face of this Purchase Order, for any reason whatsoever.

REMEDIES -The rights and remedies reserved to Ricardo in this contract shall be cumulative with, and additional to, all other or further remedies provided in law or equity. Without limiting the foregoing, should any goods fail to conform to the warranties set forth in this Purchase Order, Ricardo shall notify Vendor and Vendor shall, if requested by Ricardo, reimburse Ricardo for any indirect, incidental and consequential damages caused by such nonconforming goods, including, but not limited to, costs, expenses and losses incurred by Ricardo (a) in inspecting, sorting, repairing or replacing such nonconforming goods; (b) resulting from production interruptions, (c) conducting recall campaigns or other corrective service actions, and (d) claims for personal injury (including death) or property damage caused by such nonconforming goods. If requested by Ricardo, Vendor will enter into a separate agreement for the administration or processing of warranty chargebacks for nonconforming goods.

VENDOR'S INDEMNITY – The Vendor shall indemnify, defend and hold Ricardo harmless from and against any and all loss, cost, damage, liability and expenses (including legal fees and expenses) that arise in connection with Vendor's performance of its obligations under or related to this Purchase Order, including but not limited to any claim or allegation that the goods or services provided hereunder were defective or failed to satisfy the warranty given hereunder. This obligation is intended to cover all claims of any kind or nature including any claim for injuries or damages to persons or property, any recall or threatened recall or investigation by any governmental authority. Vendor covenants to give Ricardo prompt written notice of any claim or allegation that the goods or goods provided hereunder were defective or failed to conform to the warranty given hereunder, of any claim, proceeding or litigation seeking damages as result to such defect or failure and of any governmental investigation, or recall or threatened recall. The provisions of this clause shall survive the expiration or termination of this Purchase Order.

INSURANCE – Vendor shall maintain comprehensive general liability insurance and automobile liability insurance in the amount of \$1.0 million per occurrence and workers compensation insurance as required by statute. Ricardo shall be named as an additional insured under the comprehensive general liability and automobile insurance policies. At Ricardo request, Vendor shall, for a period of 10 years after the provision of goods or goods hereunder, maintain product liability insurance coverage for the goods provided hereunder in such amounts and with such exceptions as is customary in the Ricardo's industry. Ricardo shall be named as an additional insured under such product liability policy. Vendor shall provide Ricardo upon request, with proof of the existence of such insurance. Vendor's insurance shall be primary and Vendor shall waive or have waived any and all subrogation actions against Ricardo.

PUBLICITY – The Vendor shall not, without first obtaining the written consent of the Ricardo, in any manner advertise or publish the fact that the Vendor has contracted to furnish the Ricardo the goods or services provided under this Purchase Order.

ASSIGNMENT AND SUBCONTRACTING – The Vendor shall not be assign this Purchase Order or any right herein and no part of it may be subcontracted without the prior written consent of the Ricardo.

RELATIONSHIP OF THE PARTIES – Ricardo and the Vendor are independent contracting parties. Nothing in this Purchase Order shall make either party the agent or legal representative of the other for any purpose whatsoever. Neither party shall have any authority to assume or to create any obligation on behalf of or in the name of the other. The parties are not joint venturers or partners in any manner

COMPLIANCE WITH LAW – Vendor and any goods or services supplied by Vendor shall comply with all applicable laws, rules, regulations, orders, conventions, ordinances or standards.

APPLICABLE LAW AND DISPUTES – This Purchase Order shall be governed by the law of the State of Michigan. Vendor consents to service and jurisdiction in Michigan for purposes of any action or proceeding arising under this Purchase Order. Vendor may bring any action or proceeding by Vendor against Ricardo only in the court(s) having jurisdiction over the location of Ricardo from which this contract is issued. Vendor agrees that, at Ricardo sole discretion, Ricardo may elect to resolve any matter in dispute or issue under this Purchase under binding arbitration and Vendor agrees to accept binding arbitration if elected by Ricardo. In the event of a dispute or issue under this Purchase Order, the Vendor agrees to keep working during the resolution of the dispute.

EXPORT CONTROL- Vendor shall comply with all U.S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 through 130, and the Export Administration Regulations (EAR), 15 CFR Parts 730 through 799, in the performance of this contract. In the absence of available license exemptions/exceptions, Vendor shall be responsible for obtaining the appropriate licenses or other approvals, if required, for exports of hardware, technical data, and software, or for the provision of technical assistance. Vendor shall be responsible for obtaining export licenses, if required, before utilizing foreign persons in the performance of this contract, including instances where the work is to be performed on-site at (name of government facility omitted), where the foreign person will have access to export controlled technical data.

Vendor shall be responsible for all regulatory record keeping requirements associated with the use of licenses and license exemptions/exception. Vendor shall be responsible for ensuring that the provisions of this clause apply to its subcontractors.

FLOWDOWN PROVISIONS—The Vendor acknowledges that some or all of the goods or services under this Purchase Order may provided under a prime contract issued by a third party, including the United States Government (the "Prime Contract"). The Vendor agrees that any clauses or requirements of the Prime Contract required to be incorporated into subcontracts thereunder are hereby incorporated into this Purchase Order by reference. In the event that a conflict or ambiguity exists between this Purchase Order and the Prime Contract, the terms and conditions, or interpretation thereof, most favorable to Ricardo shall control.

HEADINGS OF CLAUSES – The headings to the Clauses of these Terms and Condition's shall not affect the construction hereof.

ENTIRE AGREEMENT – This Purchase Order incorporates the complete and entire agreement, between Vendor and Ricardo with reference to the subject matter hereof, and there are no other written or oral agreements, understandings, representations or warranties, express or implied, relating thereto between the parties. No modification or amendment of this Purchase Order shall be binding upon the parties except in writing specifically referring to the Purchase Order and executed by the parties hereto.

SEVERABILITY - If any part of this Purchase Order is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term(s) shall be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this Purchase Order shall remain in full force and effect.