

AERO RUBBER COMPANY, INC.
TERMS AND CONDITIONS OF PURCHASE OF GOODS

1. EFFECT OF THESE TERMS AND CONDITIONS OF PURCHASE.

The following terms and conditions shall apply to all purchases by Aero of Seller's goods. Aero shall not be deemed to have waived any of the following terms and conditions, even if Aero fails to object to any contrary or inconsistent provision appearing on, attached to, or incorporated by reference in any quotation, order acknowledgment or other document issued by Seller. Seller's acceptance, acknowledgment or confirmation of any order placed by Aero, or Seller's commencement of production or shipment of any goods ordered by Aero, shall constitute Seller's acceptance of the following terms and conditions.

2. PRICES. Unless otherwise agreed upon in writing by Aero, all prices, payments and references thereto shall be in U.S. dollars. Seller warrants that all prices charged by Seller for goods sold to Aero shall be no less favorable than those charged by Seller to any other customer of Seller for the same or similar goods ordered in equal or less quantities. Unless otherwise agreed upon in writing by Aero, Seller's prices shall include all applicable federal, state and local taxes, duties or customs. No additional charge by Seller for special permits, licenses, drayage, insurance or other extras shall be permitted in the absence of Aero's prior written consent.

3. PACKAGING AND SHIPMENT. Unless otherwise agreed upon in writing by Aero, all goods ordered by Aero shall be produced, stored, packed and boxed at Seller's expense, in accordance with Aero's requirements and in a manner reasonably designed to prevent loss or damage during shipment. If Aero does not specify a carrier, route or manner of shipment, Seller shall ship the goods via lowest cost carrier.

4. SHIPMENT. Time is of the essence. Where Seller has reason to believe that a shipment of goods will not be made on or before the agreed-upon shipment date, Seller shall immediately give notice to Aero, specifying when such goods can reasonably be expected to be shipped.

5. RISK OF LOSS. Seller shall bear all risk of loss and damage to the goods until delivered to the f.o.b. point specified by Aero.

6. INSPECTION AND TESTING. All goods delivered to Aero shall be subject to Aero's inspection and testing. In the event that any goods are found not to meet Aero's requirements, Aero shall have the right to reject and return such goods at Seller's expense for full credit. Aero's payment for goods later found to be non-conforming shall not preclude Aero's return of such goods pursuant hereto.

7. RIGHTS TO DESIGNS AND DATA; CONFIDENTIALITY. All designs, drawings, specifications, data and other information provided by Aero to Seller shall be and remain the property of Aero, and are furnished solely for the purpose of facilitating Seller's production of the goods ordered by Aero. Seller shall not use any such information for any other purpose, or disclose any such information to any other person or entity, without Aero's prior written consent. Seller shall promptly return all such information upon Purchaser's request. Said obligations shall survive the completion, cancellation or other termination of any order.

8. WARRANTY. Seller warrants that all goods delivered to Aero shall be free and clear of all liens, encumbrances and claims, and that Seller shall have good and marketable title to such goods. Further, Seller warrants that all goods delivered to Aero shall meet all agreed upon specifications and requirements of Aero, be precisely comprised of the materials specified by Aero, be free from any defects in material or workmanship, and fully comply with all applicable laws, conventions, statutes, regulations, orders and rules. Aero's acceptance, inspection, testing, use, payment for, or sale of the goods shall not affect Seller's warranty hereunder. In the event of a breach of this warranty, Seller shall bear full liability for all nonconforming goods, including all material, shipping, labor and other costs required to replace such goods or otherwise remedy said nonconformance. This warranty shall inure to the benefit of Aero, its successors and assigns.

9. FORCE MAJEURE. Upon the occurrence of any event beyond the reasonable control of Aero which materially affects Aero's ability to receive or use the goods, including strike, fire, flood or other cause, Aero shall have the right, upon notice to Seller, and without penalty or other liability, to suspend the production and shipment of all or any portion of the goods until such time as Aero is again able to receive or use the goods.

10. MODIFICATIONS. Aero, upon notice to Seller, shall have the right to modify its requirements for the goods, including all or any portion of any designs, drawings, specifications, data, delivery dates and shipping instructions furnished to Seller, and Seller shall comply with all such modifications. If any such modification results in an increase or decrease in Seller's actual costs or required time for performance, the parties shall agree in writing to an adjustment of the price or time for performance.

11. CANCELLATION. Upon notice to Seller, Aero shall have the right, with or without cause, to cancel any order for goods. If the goods constitute standard stock products of Seller, Aero's sole obligation shall be to pay for goods delivered to Aero prior to Seller's receipt of Aero's notice of cancellation. If the goods constitute custom products being produced by Seller solely for Aero, Aero's sole obligation shall be to reimburse Seller for Seller's actual cost of materials and labor expended in respect of said goods prior to Seller's receipt of Aero's notice of cancellation.

12. ASSIGNMENT AND SUBCONTRACTING. Seller may not assign any of its rights or obligations with respect to any goods ordered by Aero without Aero's prior written consent. Nor may Seller, without Aero's prior written consent, subcontract all or any portion of Aero's order where such subcontract results in any portion of Aero's order being manufactured outside the USA. Aero's approval of any such assignment or subcontracting shall not relieve Seller of any of its obligations hereunder.

13. DISPUTES. Aero and Seller shall use their best efforts to resolve in an amicable manner any dispute arising in connection with any order. Any dispute between Aero and Seller which is not resolved shall be resolved and disposed of by a federal or state court located in Chicago, Illinois, USA, and Aero and Seller irrevocably consent to the exclusive jurisdiction of such courts and venue therein. **AERO AND SELLER VOLUNTARILY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH ACTION, AND AGREE THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

14. INTERPRETATION. These terms and conditions shall be governed by and construed in accordance with the laws of the State of Illinois, USA, including such State's Uniform Commercial Code, without giving effect to principles of conflict of laws. Whenever any conflict exists between these terms and conditions and any provision of such Uniform Commercial Code, these terms and conditions shall govern. The section headings contained herein have been inserted for convenience only, and shall not be considered in interpreting any term or condition hereof. If any term or condition contained herein is found to be invalid or unenforceable, it shall be deemed stricken herefrom without affecting the remaining terms or conditions hereof. In the event of any legal action arising from or related to Aero's purchase of goods from Seller, the prevailing party in such action shall be entitled to reimbursement by the other party of all reasonable attorney's fees, court costs and other expenses incurred therein by the prevailing party.

15. NOTICE. All notices and other communications required hereunder shall be in writing and delivered by facsimile, overnight delivery, or certified mail, postage prepaid, return receipt requested. Any such notice shall be deemed to have been given on the date it is received during regular office hours at the address listed on the applicable order or at such other address as the affected party may have previously designated for notices.