

CONFIDENTIAL DISCLOSURE AGREEMENT

PRODUCTION/TOOL PURCHASING GENERAL TERMS AND CONDITIONS

1. AGREEMENT. Seller agrees to sell and deliver the goods or services specified in the order of Stone City Products, Inc. (which shall hereinafter be referred to as "Purchaser") in ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED IN THE ORDER, INCLUDING THE SECTIONS REFERENCED IN THE ORDER, THE TERMS OF THIS FORM AND ANY SIGNED DOCUMENTS REFERENCED IN THIS ORDER, all of which constitute the entire and final agreement of the parties and cancels and supersedes any prior or contemporaneous negotiation or agreements. By accepting this order, Seller acknowledges having actual knowledge of the text of the referenced clauses. PURCHASER'S ORDER EXPRESSLY LIMITS ACCEPTANCE TO THE TERMS OF THE ORDER. ANY ADDITIONAL OR DIFFERENT TERMS, WHETHER CONTAINED IN SELLER'S FORMS OR OTHERWISE PRESENTED BY SELLER HEREBY ARE OBJECTED TO AND REJECTED UNLESS EXPRESSLY AGREED TO BY PURCHASER. SELLER SPECIFICALLY WAIVES ITS SIGNED ACCEPTANCE OF THIS ORDER BY PURCHASER. "Order" means a purchase order transmitted to Seller electronically or delivered to Seller in a paper format.

2. ACCEPTANCE. This order constitutes Purchaser's offer to Seller and is not binding on Purchaser until accepted by Seller and Seller specifically waives its signed acceptance of this order by a delivery of the goods, rendering of services, or the commencement of work on goods to be specially manufactured for Purchaser pursuant to this order.

3. DELIVERY. Time is of the essence. Delivery must be effected within the time specified in this order, or in accordance with Purchaser's releases or procedures and work progress "milestones", if so indicated in or attached to this order. If Seller fails to make deliveries, perform services, or timely achieve designated "milestones" at the agreed time, all damages suffered by Purchaser and any premium transportation or other costs required to meet the specified delivery schedule will be at the expense of Seller. Furthermore, in the event of Seller's failure to achieve timely any designated work progress "milestones", Purchaser reserves the right at its sole discretion to make payment to Seller for the work completed and take possession of said work in progress immediately.

4. PACKING MARKING AND SHIPMENT. a) Seller will pack and mark goods and make shipments (including shipping on Saturdays and holidays, when requested) in accordance with Purchaser's instructions, meet carrier requirements and assure delivery free of damage and deterioration. Seller is responsible for the goods until delivery at the Purchaser's designated FOB point.

b) Purchaser may specify the carrier and/or method of transportation and Seller will process shipping documents and route shipments of the goods from the FOB point accordingly. Seller will comply with all of Purchaser's transportation routing instructions, including, but not limited to, mode of transportation, utilization of assigned carrier and identification of the shipping point. Seller will be responsible for all excess costs incurred because of its failure to comply with Purchaser's transportation instructions.

5. INSPECTION AND REJECTIONS. Purchaser may inspect and evaluate all goods (including all tooling and material used in their manufacture) and all services at times and places designated by Purchaser. Seller

will provide and maintain a supplier quality assurance system approved by Purchaser and which meets Purchaser's specifications. Seller will perform inspections as designated by Purchaser and Seller will make inspection systems, procedures and records available to Purchaser upon request. Notwithstanding payment or any prior inspection. Purchaser may revoke acceptance, reject or require correction and return the goods to the Seller (at Seller's expense and risk of loss) any goods delivered or services rendered that do not conform to applicable requirements. This order is issued for the part/tool specifically identified in the order and any substitution of material, without prior Purchaser approval, will be considered a breach of this order. Without limiting its remedies, after notice to Seller, Purchaser may: (i) replace or correct any non-conforming goods or services and charge Seller the cost of such replacement or correction; (ii) cancel the order for default under the "Cancellation for Default" section herein; (iii) subject Seller's account to a debit for the damages suffered by Purchaser; and/or (iv) cause the removal of Seller as a supplier of Purchaser.

6. LABOR DISPUTES. Seller will notify Purchaser immediately of any actual or potential labor dispute delaying or threatening to delay timely performance of this order and will include all relevant information to Purchaser. Seller will notify Purchaser in writing six (6) months in advance of the expiration of any current labor contract. Prior to the expiration of any labor contract of Seller, Seller will establish (as applicable with the nature of the goods herein), at its expense, a forty (40) day working supply of goods in a neutral warehouse site to be located in the United States at least fifty (50) miles from Seller's manufacturing locations. Such supply of goods will be in place at least ten (10) working days prior to the expiration of any such contract.

7. GENERAL WARRANTY. (a) Seller warrants that the goods or services will: (i) comply with all specifications, drawings, descriptions or samples furnished and/or specified by Purchaser; (ii) be merchantable; and (iii) be free from defects in material and workmanship. Seller further warrants that all goods not designed by Purchaser will be fit and sufficient for the purpose intended. The warranty term will be coterminous with any warranty extended to Purchaser's customers by Purchaser. Seller's liability for a breach of the warranties given herein will be determined by Purchaser's analysis of sample parts against which claims are made that the parts are defective. Seller will participate in such analysis in accordance with Purchaser's procedures.

(b) Seller further warrants that on delivery Purchaser will receive good title to the goods and services, free and clear of all liens and encumbrances and that all goods and services will be free from any actual or claimed patent, copyright or trademark infringement.

(c) These warranties are in addition to any warranties implied by law or otherwise made by Seller and will survive acceptance and payment by Purchaser.

8. PRICE WARRANTY. (a) Seller warrants that the prices for the articles sold to Purchaser hereunder are no less favorable than Seller currently extends to any other customer for the same or similar goods or services in similar quantities. If Seller reduces its prices to others for the same or similar goods or services during the term of this order, Seller will reduce the prices to Purchaser for such goods or services correspondingly. Seller warrants that prices shown on this order are complete and that no additional charges of any type will be added without Purchaser's express written consent.

(b) If Seller sells the part/tool covered by this order to a third party for incorporation into an assembly which is to be sold to Purchaser, the price for such part/tool will be no more than the price provided in this order, plus any additional costs actually incurred by Seller in providing the part to such third party.

9. PROPERTY AND SPECIAL TOOLING; SELLER AS AGENT-IN-POSSESSION. Unless otherwise provided in this order, property of every description including all tools, equipment, material, drawings, manufacturing aids and replacements of the foregoing furnished by Purchaser, either directly or indirectly, or as acquired or manufactured by Seller for use in the performance of this order, for which Seller has been reimbursed by Purchaser ("Special Tooling"), will be: (i) the property of Purchaser, with Seller acting as Purchaser's Agent-in-Possession; (ii) plainly marked or otherwise adequately identified by Seller as the property of Purchaser; and (iii) safely stored separate and apart from Seller's property. Seller will retain and not use or rework tooling or property of Purchaser except for performance of work hereunder or as authorized in writing by Purchaser. As Purchaser's Agent-in-Possession, Seller will keep such tooling or property in its possession and/or control in good condition, fully covered by insurance, free of liens and encumbrances, and will replace such tooling or property when lost, damaged or destroyed. All Purchaser tooling or property will be transferred as Purchaser may direct at any time. If Seller makes any unauthorized transfer of Special Tooling, Seller will reimburse Purchaser for any cost incurred by Purchaser in returning the tooling to Purchaser or moving the tooling as directed by Purchaser.

10. INSURANCE AND INDEMNIFICATION. (a) Insurance. Seller will provide worker's compensation, comprehensive general liability, automobile, public liability, and property damage insurance in amounts and coverage sufficient to cover all claims hereunder. Such policies will name Purchaser as an additional named insured thereunder and shall contain endorsements stating that the policies are primary and not excess over of contributory with any other valid, applicable, and collectible insurance in force for Purchaser. Purchaser may require Seller to furnish evidence of the foregoing insurance, but failure to comply with these insurance requirements will not relieve Seller of its liability and obligation under this clause.

(b) Indemnification. Seller will defend, indemnify, and hold Purchaser harmless against all claims, liabilities, losses, damages, and settlement expenses in connection with any breach by Seller of these general conditions or for injury or death of any person and damage or loss of any property allegedly or actually resulting from or arising out of any act, omission or negligent work of Seller or its employees, agents, or subcontractors in connection with performing this order, either on Purchaser's property or in the course of their employment.

11. CHANGES. (a) Purchaser may, at any time, make changes in this order. Any claim by Seller for a change in price adjustment must be asserted in writing within ten (10) days from date of receipt by Seller of Purchaser's notification of any change. Purchaser will have the right to verify all claims hereunder by auditing relevant records, facilities, work or materials of Seller. Seller agrees to proceed with the order as changed under this Section.

(b) All engineering changes, whether initiated by Purchaser or Seller, will be processed pursuant to Purchaser practices in effect at the time of the change. All Purchaser approved engineering changes will be promptly implemented by Seller as directed by Purchaser. Price changes for Purchaser approved engineering changes are to be based solely on the design cost variance from the superseded design and must be substantiated with appropriate documentation satisfactory to Purchaser.

(c) Seller certifies the location(s) from which it will ship the goods covered by the order are as specified in the order. If Seller at any time intends to change such location(s), Seller must notify Purchaser prior to the change so that the effect of such change can be evaluated, and negotiated as necessary, for its effect on transit time, packaging methods, and other significant impact on Purchaser.

If Seller does not notify Purchaser of any increased transportation charges in advance of a change in shipping point(s), Seller will be responsible for such costs.

12. CLAIMS ADJUSTMENT. Purchaser may at any time and without notice deduct or set-off Seller's claims for money due or to become due from Purchaser against any claims that Purchaser has or may have arising out of this or any other transaction between Purchaser and Seller.

13. CUSTOMS. Seller promptly will notify Purchaser in writing of material or components used by Seller in filling this order, which Seller purchases in a country other than the country in which the goods are delivered to Purchaser. Seller will furnish Purchaser with any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements. Seller promptly will advise Purchaser of any material or components imported into the country of origin and any duty included in the purchase price of the goods. Seller will be responsible for any special duties, including but not limited to marking, anti-dumping, and countervailing duties, to the extent permitted under the law of the country of importation. Seller will advise Purchaser if the importation or exportation of the goods requires an import or export license. Seller will assist Purchaser in obtaining any such license.

14. USE OF PURCHASER'S NAME. Seller will not, without the prior written consent of Purchaser, in any manner publish the fact that Seller has furnished or contracted to furnish Purchaser's goods and/or services, or use the name or trademarks of Purchaser, its products, or any of its associated companies in Seller's advertising or other publication. Seller will not place its, or any third parties, trademark or other designation on the tooling/part if the tooling/part bears a Purchaser trademark or an identifying mark specified by Purchaser, or if the tooling/part is peculiar to Purchaser's design ("Marked Parts"). Seller will sell Marked Parts, and similar goods, only to Purchaser and will not sell Marked Parts or similar goods to third parties without Purchaser's prior written consent.

15. PATENTED/COPYRIGHTED INFORMATION DISCLOSED. The specifications, drawings, designs, manufacturing data and other information transmitted to Seller by Purchaser in connection with the performance of this order are the property of Purchaser and may be covered by one or more Purchaser patents, patent applications or copyrights. Seller will handle all of this information in such a manner to insure that it is not used for any purpose detrimental to the interests of Purchaser. Unless expressly provided in this order or otherwise agreed to in writing by Purchaser, Seller's disclosure rights regarding products or services related to this order, and information relating thereto shall be limited to any valid copyright thereon or patent Seller may hold covering the manufacture, use and sale of the products or services.

16. CONFIDENTIAL AND PROPRIETARY INFORMATION. It is understood that all drawings, designs, manufacturing data and other information, samples, models, and prototypes of parts, products, process and equipment and design ideas obtained by Seller from Purchaser, whether orally or in documented form, or developed by Seller for Purchaser pursuant to this order and all copies thereof, shall be and remain the exclusive property of Purchaser. All such items shall be provided to or returned to Purchaser, as the case may be, when Seller has no further need thereof in the performance of this order, and in any event, upon the delivery of the goods or services hereunder. Confidential information also includes all Purchaser processes, procedures and equipment observed by Seller when in Purchaser facilities for the installation, servicing or maintenance of equipment, or the delivery of goods or services, or for any other

purpose. Seller agrees not to use (otherwise than for the purpose of this order) or disclose to any other party for a period of five (5) years after the completion of this order, any Purchaser confidential information heretofore or hereafter obtained from Purchaser in connection with this order, or after receipt of the Confidential Information, whichever is longer. Seller's obligation to hold Purchaser Confidential Information in confidence shall not apply to information which:

(a) is known to Seller prior to its receipt from Purchaser and Seller has written records to document such fact; or

(b) can be shown by Seller's written records to have been obtained by Seller from a third party source that did not receive it in confidence or otherwise unlawfully; or

(c) is, or becomes publicly available other than as a result of a breach of this obligation.

Seller acknowledges that because of the unique and proprietary nature of the Confidential Information, in the event of any breach of this Section by Seller, Purchaser shall have the right to seek and obtain injunctive relief to protect its rights herein and Seller shall be responsible for all legal and other costs incurred by Purchaser in pursuing that or any other remedy at law or in equity. Any knowledge or information which Seller shall have disclosed or may hereafter disclose to Purchaser in connection with this order, shall not, unless otherwise specifically agreed upon in writing by Purchaser, be deemed to be confidential or proprietary information, and Purchaser shall have the right to use, thereafter, or disclose such information as Purchaser may deem appropriate.

17. PATENTS. No rights are granted to Seller under any Purchaser patents except as may be necessary to fulfill Seller's obligations under this order. Seller agrees to defend all suits, actions or proceeding which may be brought against Purchaser, any of its associated companies or its customers for alleged infringement of any proprietary interest resulting from the use of sale of the goods or services provided hereunder and to pay all expense and fees of counsel which may be incurred in defending, and all costs, damages, or other recoveries in every such suit.

18. ASSIGNMENT. This order will not be assigned or delegated, in whole or in part, without Purchaser's prior written consent, including, but not limited to the subcontracting of work to be performed hereunder or the transfer of Special Tooling to third parties for the performance of work hereunder.

19. TERMINATION AT PURCHASER'S OPTION. Purchaser may terminate this order at any time without cause in whole or in part by written notice, whereupon Seller will stop work on the date and to the extent specified in such notice and terminate all orders and subcontracts that relate to the terminated order. Within thirty (30) days after receipt of termination notice, Seller will submit all claims resulting from such termination. Purchaser will have the right to verify such claims by auditing the relevant records, facilities, work or materials of Seller and/or its subcontractors. Purchaser will pay Seller for finished work accepted by Purchaser as determined by the achieved "milestones", as same are indicated in or the attached to this order, as well as for the documented cost to Seller of work in process and raw material allocable to the terminated work which is not in excess of any prior Purchaser authorization. Payment made under this Section will constitute Purchaser's only liability for termination hereunder with title and right of possession to all delivered goods and services vesting in Purchaser immediately upon Purchaser's tender of such payment. The provisions of this Section will not apply to any cancellation by Purchaser for default by Seller for any other cause recognized by law or specified by this order.

20. CANCELLATION FOR DEFAULT. If Seller: (i) fails to deliver goods or perform services at the time specified herein; or (ii) fails to perform any other provisions hereof and does not cure such failure within a period of ten (10) days after receipt of written notice from Purchaser specifying such failure; or (iii) becomes insolvent, makes an assignment in favor of creditors, or enters bankruptcy or dissolution procedures; or (iv) is merged into another company and/or is expropriated or nationalized, Purchaser may cancel the whole or any part of this order without any liability, except for payment due for goods or services delivered and accepted. Upon such termination and upon notice to Seller, Purchaser will have the right to take title and possession of all or any part of such work performed by Seller under this order.

21. REMEDIES. The rights and remedies herein reserved to Purchaser are cumulative and in addition to any other or further rights and remedies available at law or in equity. No waiver of any breach of any provision of this order will constitute a waiver of any other breach or a waiver of such provision.

22. REQUIRED COMPLIANCE. In providing goods or services hereunder, Seller will comply with any and all applicable Federal, State and Local laws (including Canadian or other foreign laws), and regulations promulgated thereunder. Seller will defend, indemnify and hold Purchaser harmless from and against any and all claims, losses, damages, costs and expenses resulting from or arising out of any failure of Seller or Seller's employees, agents and subcontractors to comply with any applicable governmental regulations and/or statutes.

23. GOVERNING LAW. This order and all transactions between Purchaser and Seller will be governed by and construed in accordance with the laws of the State of Indiana as if entirely performed therein.

