

THESE TERMS AND CONDITIONS ARE IN ACCORDANCE WITH THE PURCHASE ORDER AGREEMENT AND INVOICE SENT TO YOU BY ADVANCED SUPERABRASIVES, INC.

**ADVANCED SUPERABRASIVES, INC.
TERMS & CONDITIONS**

- SCOPE OF AGREEMENT.** Seller, upon acceptance of an Order placed by Buyer, will supply the Products and services specified in the Order (the "Products") to Buyer, pursuant to the Advanced SuperAbrasives, Inc.'s Terms and Conditions of this Agreement and its exhibits. Buyer accepts these Terms and Conditions by signing and returning Seller's quotation, by sending a purchase order in response to the quotation, or by Buyer's instructions to Seller to ship the Product. Seller's acceptance of such order submitted by Buyer is expressly limited to the terms and conditions of this Agreement notwithstanding any contrary provision contained in Buyer's purchase orders, invoices, acknowledgements or other documents unless hereafter made in writing and signed by Seller's authorized representative. Buyer is hereby notified of Seller's express rejection of any terms inconsistent with this Agreement or to any other terms proposed by Buyer in accepting Seller's quotation. The details of the Products (e.g. quantity, price, and product specifications) shall be set forth in the relevant Order.
- PRICE AND TERMS.** (a) The prices payable by Buyer for Products to be supplied by Seller under this Agreement will be specified in the applicable Order. Unless otherwise expressly stated in an Order, all prices exclude shipping and taxes, fees, duties, and levies, however designated or imposed, including but not limited to value-added and withholding taxes that are levied or based upon the amounts paid under this Agreement (collectively, "Taxes"). Any Taxes related to the Products purchased pursuant to this Agreement are the responsibility of Buyer (excluding taxes based on Seller's net income). (b) Payment terms are net thirty (30) calendar days from the date of the invoice pertaining to wheel, dressing stick, MT-30 Filtration Device, and machine accessory products except otherwise noted and agreed upon by Advanced SuperAbrasives, Inc.'s management. However, all cancellation, and late payment interest rates still apply. For machine products (Trudress Ultra II, and Trudress Freedom), the terms are 30% down with order, 60% prior to shipment, and final 10% plus freight and changes net thirty (30) calendar days except otherwise noted and agreed upon by Advanced SuperAbrasives, Inc.'s management. However, all cancellation, and late payment interest rates still apply. If Buyer does not pay an invoiced amount within terms, Buyer will in addition pay finance charges of one and one-half percent (1.5%) per month on the late balance and Seller reserves the right to (1) withhold shipment of the Products until full payment is made; and/or (2) revoke any credit extended to Buyer. In the event that Buyer's account is more than ninety (90) days in arrears, Buyer shall reimburse Seller for the reasonable costs, including attorneys' fees, of collecting such amounts from Buyer. In the event of any dispute regarding an invoice, no finance charges will apply in the event that Buyer provides written notice of the dispute prior to the due date for such payment. (c) Upon reasonable request by the Seller, Buyer shall provide copies of its most recent audited financial statements or other reasonable evidence of its financial capacity and such other information as Seller reasonable requests to determine credit status or credits limits. (d) Buyer shall provide notice within five (5) business days of the occurrence of any event which materially affects Buyer's ability to perform its obligations under this Agreement including but not limited to: (i) the material default of any Seller or sub-contractor; (ii) labor strike or dispute; or (iii) material uncured default with respect to any debt obligations of Buyer. (e) Pricing schedules (whether attached to this Agreement or an Order) are subject to change upon a change in the price of applicable raw materials (as reflected on a recognized trade or commodity pricing tracker) in excess of five percent (5%) from the date of such schedule. (f) Unless otherwise specified in the Order, Products will be shipped, at Buyer's expense, to Buyer via carriers selected by Seller.
- CHANGE OR CANCELLATION OF PURCHASE ORDER.** Customer may at any time terminate any portion or the total quantity of any purchase order(s) placed under this Agreement. Customer's liability to ASI with respect to such termination shall be limited to the termination charges shown below. However, deliveries may be rescheduled with thirty (30) days prior to original projected shipment date, by written notice from Customer.

ASI Machine Products	
<i>Number of Days Prior to Scheduled Shipment Date</i>	<i>Termination Charge (% of Purchase Price)</i>
Once order is placed.	30%

ASI Wheel Products	
<i>Degree of Production Completion</i>	<i>Termination Charge (% of Purchase Price)</i>
Powder Mixed but not Hot Pressed	25%
Powder Hot Pressed	65%

- INSPECTION OF PRODUCTS.** Buyer shall inspect the Products within 5 days of delivery. **Any notification of non-conformity or rejection of the Equipment MUST be made in writing within five days of delivery or Buyer waives such right.** Any claims for adjustments or corrections of billings must be made in writing within thirty days of receipt of invoice.
- BREACH.** In addition to all other rights to which a party is entitled under this Agreement, if either party breaches any term of the Order or the Agreement, the non-breaching party shall have the right to: (a) terminate the Order immediately upon written notice to the other party; and (b) seek to obtain injunctive relief to prevent such breach or to otherwise enforce the terms of this Agreement. Failure to properly demand compliance or performance of any term of the Order or this Agreement shall not constitute a waiver of Seller's rights hereunder and prior to any claim for damages being made for non-conformance or breach, Buyer shall provide Seller with reasonable notice of any alleged deficiencies in the Products or performance under the Order or this Agreement and Seller shall have a reasonable opportunity to cure any such alleged non-conformance or breach.
- INTELLECTUAL PROPERTY.** Any and all inventions, discoveries, patent applications, patents, copyrights, trademarks and trade names, commercial symbols, trade secrets, work product and information embodying proprietary data existing and owned by Buyer as of the date of the Order or made or conceived by employees of Buyer during the Term of the Order shall be and remain the sole and exclusive property of Buyer provided that Buyer grants to Seller a license to use, display and distribute (and to sub-license its affiliates and sub-contractors to use, display and distribute) any intellectual property rights delivered to Seller as reasonably necessary to perform any Order. Any and all inventions, discoveries, patent applications, patents, copyrights, trademarks and trade names, commercial symbols, trade secrets, work product and information embodying proprietary data existing and owned by Seller as of the date of the Order or made or conceived by employees, consultants, representatives or agents of Seller during the term of this Agreement shall be and remain the sole and exclusive property of Seller. Without limiting the generality of the foregoing, the parties agree that Seller will own systems (including all web source code) related to the Products provided hereunder, including all modifications, upgrades and enhancements thereto made during the term of the Order.
- CONFIDENTIAL INFORMATION.** Any information that parties receive or otherwise have access to incidental to or in connection with this Agreement (collectively, the "Confidential Information"), shall be and remain the property of the disclosing party. Confidential Information shall not include information which: (i) was in the possession of the Receiving Party at the time it was first disclosed by the Disclosing Party; (ii) was in the public domain at the time it was disclosed to the Receiving Party; (iii) enters the public domain through sources independent of the Receiving Party and through no breach of this provision by the Receiving Party; (iv) is made available by the Disclosing Party to a third party on an unrestricted, non-confidential basis; (v) was lawfully obtained by the Receiving Party from a third party not known by the Receiving Party to be under an obligation of confidentiality to the Disclosing Party; or (vi) was at any time developed by the Receiving Party independently of any disclosure by the Disclosing Party. Confidential Information may be used to the extent necessary to perform this Agreement and the parties shall not disclose Confidential Information to any third party, except to its agents (who have executed confidentiality agreements containing terms substantially similar to these terms) as necessary to provide the Products hereunder. In no event shall Buyer acquire any right, title or interest in and to any product or process information, including related know how, either existing or developed during the course of the business relationship with Seller and Buyer, and in no event, shall Seller acquire any right, title, or interest in and to any materials or information provided to it by Buyer.

8. **INDEMNIFICATION.** The indemnifying party, as Indemnitor, shall indemnify, defend and hold harmless the indemnified party, as Indemnitee, its officers, directors, employees, agents, subsidiaries, and other affiliates from and against any and all claims, damages, liabilities, and expenses (including attorney fees) arising from any third-party claim based on Indemnitor's (or its agent's) breach of any representation, warranty, covenant, agreement, or obligation under the Order or this Agreement, or Indemnitor's (or its agent's) grossly negligent and/or willful acts in carrying out its obligations under the Order or the Agreement, provided that in no event shall Seller be responsible for any claims arising out of its compliance with instructions, requirements, or specifications provided by or required by Buyer (including the use of information, artwork, logos, and/or trademarks provided by Buyer). Neither party will be responsible for indemnifying another party hereto where the basis of the indemnity claim arises out of such other party's own negligence or willful misconduct. In order to avail itself of this indemnity provision, Indemnitee shall promptly provide notice to Indemnitor of any such claim, tender the defense of the claim to Indemnitor, and cooperate with Indemnitor in the defense of the claim. Indemnitor shall not be liable for any cost, expense, or compromise incurred or made by Indemnitee in any legal action without the Indemnitor's prior written consent.
9. **WARRANTY.** Seller warrants that the Products shall reasonably conform to specifications in all material respects. If Buyer supplies Seller materials or other items as part of the Order, Seller is not responsible for issues related to such materials or other items. Seller will not provide refunds for any Products conforming to specifications in all material respects. **OTHER THAN THE WARRANTIES SET FORTH IN THIS SECTION, SELLER MAKES NO WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED OR OTHERWISE WHATSOEVER, THAT THE SERVICES PERFORMED OR ANY ITEMS PRODUCED WILL BE MERCHANTABILITY OR FIT FOR ANY PARTICULAR PURPOSE OR USE. IN THE EVENT OF ANY BREACH OF ANY WARRANTY SPECIFIED IN THIS PROVISION, BUYER'S EXCLUSIVE REMEDY SHALL BE THAT SELLER SHALL, AT ITS OPTION, REPAIR OR REPLACE ANY DEFECTIVE GOODS AT NO COST TO BUYER OR REFUND ANY PURCHASE PRICE PAID FOR SUCH PRODUCTS.**
10. **LIMITATION OF LIABILITY.** IN NO EVENT SHALL EITHER PARTY BE LIABLE HEREUNDER FOR INCIDENTAL, SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES EVEN IF ADVISED IN ADVANCE OF THE POSSIBILITY FOR SUCH DAMAGES AND SELLER'S TOTAL LIABILITY FOR DAMAGES UNDER THIS AGREEMENT AND THE ORDER SHALL BE LIMITED TO THE TOTAL FEES DUE HEREUNDER FOR THE INVOICE UPON WHICH A CLAIM IS BASED.
11. **NOTICE.** Any notice sent pursuant to the Order or this Agreement shall be sent by certified mail, return receipt requested, or by overnight mail to the addresses on the Order or to such address as either party may in the future designate. A copy of any notice to Seller shall be also sent to William D. Harazin, 1021 Vance Street, Raleigh, NC 27608 together with a copy this Agreement. Notices shall be effective upon receipt.
12. **STATUS.** Buyer and Seller are separate and independent entities. Nothing in the Order or this Agreement shall be construed as creating an employer-employee, partnership, joint venture or other similar relationship.
13. **COMPLIANCE WITH LAW.** Each party shall materially comply with all state, federal and local laws and regulations applicable to its performance hereunder.
14. **COMPLIANCE WITH ANTI-TERRORISM LAWS.** Buyer must comply with and/or assist Seller to the fullest extent possible in efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Buyer and its owners certify, represent, and warrant that neither they nor their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Buyer and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.
15. **GOVERNING LAW.** The Order and this Agreement shall be governed by the laws of the State of North Carolina, without reference to conflicts of law principles. Any legal suit, action or proceeding arising out of or relating to the Order or this Agreement shall be commenced in a federal court in Asheville, North Carolina or in state court in the County of Buncombe, North Carolina, and the appellate courts thereof, and each party hereto irrevocably submits to the exclusive jurisdiction and venue of any such court in any such suit, action or proceeding. With respect to any litigation arising out of the Order or this Agreement, the parties expressly waive any right they may have to a jury trial and agree that any such litigation shall be tried by a judge without a jury and the prevailing party shall be entitled to recover its expenses, including reasonable attorney's fees, from the other party.
16. **FORCE MAJEURE.** Neither party shall be liable for any failure to perform or delay in performance of this Agreement to the extent that any such failure arises from acts of God, war, civil insurrection or disruption, riots, government act or regulation, strikes, lockouts, labor disruption, cyber or hostile network attacks, inability to obtain raw or finished materials, inability to secure transport, or any cause beyond such party's commercially reasonable control.
17. **ASSIGNMENT.** The contract between the Buyer and Seller for the sale of the Products shall not be assigned or transferred, nor the performance of any obligation sub-contracted, in either case by the Buyer, without the prior written consent of the Seller. Except as otherwise provided, the Order and this Agreement shall be binding upon and inure to the benefit of the parties' successors and lawful assigns.
18. **SURVIVAL.** In the event any provision of the Order or this Agreement is held by a tribunal of competent jurisdiction to be contrary to the law, the remaining provisions of the Order or this Agreement will remain in full force and effect. All sections herein relating to payment, ownership, confidentiality, indemnification and duties of defense, representations and warranties, waiver, waiver of jury trial and provisions which by their terms extend beyond the Term shall survive the termination of the Order and this Agreement.
19. **ENTIRE AGREEMENT.** The Order, this Agreement and the operative provisions of any quotation issued by Seller and any purchase order issued by Buyer, sets forth the entire agreement and understanding among the parties as to the subject matter hereof, and merges and supersedes all prior discussions, agreements, and understandings of every and any nature among them. No party shall be bound by any condition, definition, warranty, or representations, other than as expressly set forth or provided for in the Order or this Agreement, or as may be, on or subsequent to the date hereof set forth in writing and signed by the party to be bound thereby. In the event of any ambiguity or conflict between any of the terms and conditions contained in this Agreement and the terms and conditions contained in an Order, the terms and conditions of this Agreement shall control, unless the Parties have expressly provided in such Order that a specific provision in this Agreement is amended, in which case this Agreement shall be so amended, but only with respect to such Order. The Order or this Agreement may not be amended, supplemented, changed, or modified, except by agreement in writing signed by the parties to be bound thereby.