

**MAGNETIC PRODUCTS, INC.**  
**SUPPLEMENTAL SERVICE TERMS**

**1. Applicability.**

These Supplemental Service Terms apply to each Order for the purchase of services unrelated to production Goods (“Services”) and are incorporated by reference in the Magnetic Products, Inc. Purchase Order Terms and Conditions. In the event of an inconsistency between these Supplemental Service Terms and the Magnetic Products, Inc. Purchase Order Terms and Conditions, these Supplemental Service Terms shall control as to all Services. Capitalized terms used in these Supplemental Service Terms, but not defined shall have the meanings given such terms in the Magnetic Products, Inc. Purchase Order Terms and Conditions. Although defined separately in these Supplemental Service Terms, Services are included within the definition of “Goods” for all purposes under the Magnetic Products, Inc. Purchase Order Terms and Conditions.

**2. General.**

All Services are purchased on an as-needed basis and nothing in any Order shall preclude Purchaser from obtaining services from third parties or its own internal sources, including services substantially the same as or similar to the Services.

**3. Performance Standard.**

Seller shall perform all Services in accordance with the highest standards of professional and ethical competence and integrity in Seller’s industry and shall ensure that all employees assigned to perform any Services under any Order will conduct themselves in a manner consistent therewith. Seller shall perform all Services in a diligent, prompt and professional manner by individuals with the necessary knowledge, skills, expertise and training to provide the Services. In performing the Services, Seller shall comply with all applicable federal, state, local and foreign laws, statutes, regulations and orders and with all reasonable policies and procedures of Purchaser. Seller shall provide Purchaser with reasonable access to persons performing Services under any Order and shall promptly replace any such person that Purchaser considers unfit or otherwise unsatisfactory. In the event that any employees of Seller are physically located on Purchaser’s premises, Seller shall cause such employees located on Purchaser’s premises to sign and deliver to Purchaser a confidentiality agreement reasonably acceptable to Purchaser.

**4. Service Warranty.**

Seller expressly warrants that all Services will conform to all specifications, standards, drawings, samples or descriptions specified in the Order or otherwise furnished to or by Purchaser. Seller acknowledges that it is responsible for the accuracy, reliability, completeness, validity and timeliness of all Services and warrants that all Services shall be provided in the manner and within time frames set forth in the Order. These warranties are in addition to any and all other warranties applicable to Goods under any Order.

**5. Purchaser Service Representative(s).**

From time to time, Purchaser may designate to Seller in writing one or more individuals as Purchaser’s representative(s) for the arrangement of all Services under any Order (the “Purchaser Service Representative(s)”). For so long as any written designation by Purchaser is in effect, Seller shall take direction from and shall consult exclusively with the Purchaser Service Representative(s) in connection with the performance of Services under the Order; provided, however, that Seller shall not take, or omit to take, any action at the direction of any Purchaser Service Representative(s) in contravention of the terms of the Order, unless such action or omission by Seller is authorized on the face of an Order or Order amendment or made in a Signed Writing by Purchaser’s Director of Operations.

**6. Invoice and Payment.**

Seller shall submit invoices to Purchaser for Services monthly in arrears and in a form otherwise acceptable to Purchaser. Each invoice shall accurately describe in sufficient detail the actual Services performed and the period of performance for Services rendered under the Order. Where applicable, the Purchaser Service Representative(s) shall be responsible for approving all invoices submitted by Seller for Services. Payment terms will begin to run once the latest correct invoice is received and approved by

Purchaser. Upon Purchaser's request, Seller shall furnish to Purchaser such additional written reports concerning Seller's activities under any Order as may be necessary or desirable for Purchaser to review Seller's performance of Services or any of Seller's invoices for Services. Seller shall maintain complete and accurate records with respect to all Services performed under any Order. If Seller participates in Purchaser's designated Internet procurement system (e-procurement), Seller agree that all Internet connection fees, procurement transaction fees, procurement card transaction fees, and any internal development required by Seller will be the independent responsibility of Seller.

**7. Rejection.**

All Services shall be received subject to inspection and approval by Purchaser after delivery. Upon inspection, Purchaser may give Seller notice of rejection or revocation of acceptance of the Services, notwithstanding any payment, approval or inspection. No inspection, approval, delay or failure to inspect, or failure to discover any defect or nonconformance, shall relieve Seller of any obligations under any Order or impair or waive any right or remedy of Purchaser with respect to the Services or Seller's performance of the Services. If, in Purchaser's judgment, any Services do not conform to the requirements of the Order, Purchaser shall have the right to reject the Services and, in addition to any other rights and remedies it may have, Purchaser may, in its sole discretion: (a) seek reimbursement, credit, replacement, or repair of the Services as Purchaser may direct; or (b) correct, rework, and/or repair the Services with all costs associated therewith to be charged to and paid by Seller.

**8. Required Consents.**

Any consents, approvals or amendments to existing agreements of Seller necessary to allow Seller to provide Services to Purchaser shall be obtained by Seller at Seller's cost.

**9. Independent Contract Relationship.**

The relationship between Purchaser and Seller for the performance of Services under any Order is that of independent contract. Nothing in any Order shall be construed as creating a relationship between Purchaser and Seller of joint venturers, partners, employer-employee, or agent. Neither party has the authority under any Order to create any obligations for the other party, or to bind the other party to any representation or document. Seller will be responsible for all employees of Seller that may provide Services to Purchaser. Personnel furnished by Seller shall be and will remain Seller's employees and under no circumstances are they to be considered Purchaser's employees or agents. Neither federal, state nor local income or payroll tax of any kind shall be withheld or paid by Purchaser on behalf of Seller or Seller's employees. No employees of Seller shall participate in any benefit of Purchaser, including health insurance, paid vacation or other benefit provided by Purchaser to its employees.