



P.O. BOX 2400 / FORT SMITH, AR 72902  
 Phone (501) 646-4711 \* Fax (501) 648-5868

## MASTER PURCHASING AGREEMENT

Supplier: Inpro Companies Inc.  
 3407-78<sup>th</sup> Ave. West  
 P.O. Drawer 3940  
 Rock Island, Il. 61204

PLEASE ENTER THIS MASTER PURCHASING AGREEMENT ("AGREEMENT") OF BALDOR ELECTRIC COMPANY ("BALDOR ELECTRIC") FOR THE PRODUCTS SUBJECT TO THE TERMS, CONDITIONS AND INSTRUCTIONS STATED IN THIS AGREEMENT AND TO ANY ADDITIONAL SPECIFICATIONS, DATA, DRAWINGS, TERMS AND CONDITIONS REFERRED TO HEREIN OR ATTACHED HERETO. NO PURCHASE ORDER OR OTHER ADDITIONAL DOCUMENT WILL BE SENT. PRODUCTS ARE TO BE SHIPPED BASED ON SHIPPING RELEASE NUMBERS, WHICH WILL BE TRANSMITTED TO SELLER VIA PURCHASE REQUISITION LISTS FROM BALDOR ELECTRIC'S PLANT PLANNERS. PRODUCTS TO BE INCLUDED IN THIS AGREEMENT TOGETHER WITH PRICING, LEAD TIMES AND OTHER PERTINENT INFORMATION AS DETERMINED BY BUYER AND SELLER ARE ATTACHED.

1. Seller shall sign and return the acknowledgement copy of this Agreement. BALDOR ELECTRIC OBJECTS TO THE INCLUSION OF ANY DIFFERENT OR ADDITIONAL TERMS PROPOSED BY THE SELLER in its acceptance of this offer, and if any such different or additional terms are included in the Sellers acceptance, agreement for sale will result only upon BALDOR ELECTRIC'S terms stated herein or incorporated by reference unless BALDOR ELECTRIC expressly agrees in writing to the contrary.
2. All release numbers must appear on all invoices, shipping containers, and shipping tickets regarding this Agreement.
3. The date Products are due on Baldor Electric premises (the "dock date") shown on the purchase requisition list is of the essence. Unattainable dock dates should be conveyed to the planner as soon as possible.

4. Seller's packing slip must accompany each shipment. Otherwise Baldor Electric receiving count will be accepted as final.
5. No early shipments will be made unless authorized by Baldor Electric.
6. Baldor Electric reserves the right to reject both over-shipments and early shipments and return same to Seller at Sellers expense.
7. Baldor Electric may terminate this Agreement in whole or part at any time upon written notice to the Seller. If termination is solely for Baldor Electric's convenience and is not due to Seller's default, Baldor Electric's liability shall be:
  - A. If the Product is a service, to pay the contract for that portion of work completed and accepted by Baldor Electric.
  - B. If the Product is goods, to pay the cost of the existing "Finished Goods" inventory, but not more than required to fill the next delivery schedule within thirty (30) days following the date of termination plus the existing "Work in Process" inventory required to fulfill an additional thirty (30) days of deliveries provided that Baldor Electric shall have no obligation to pay for any Work in Process that Seller may reasonably use or sell elsewhere for any other order. Baldor Electric, at its sole option, may take delivery of or sell to others any Finished Goods or Work in Process for which it is required to pay. "Finished Goods" shall mean those which have passed final acceptance testing and are awaiting delivery. "Work in Process" shall include material in various states of completion with some degree of labor applied, individual piece parts, and raw material in a state of completion no more than necessary to meet the then current delivery schedule.

Baldor Electric, at its option, shall receive title to all components for which Baldor is obligated to pay pursuant to B above, and, upon payment, to all other items and material specified in the notice of termination.

A termination shall not be deemed to be for Baldor Electric's convenience if Baldor Electric terminates this order in whole or in part (i) in the event Seller becomes the subject of any proceeding under State or Federal law for the relief of debts or otherwise becomes insolvent or bankrupt or makes assignments for benefit of creditors; (ii) if Seller fails to make reasonable progress in the development of the Product or the performance of its obligations under this order; (iii) or if Seller breaches any other term or condition of this Master Purchasing Agreement.

Effective Date:	Freight Terms: FOB Destination	Misc. Changes:	Payment Terms: Normal
Taxable:    Taxable    ___	Permit No:	Arkansas: 0014605-65-001	Minnesota: 003963036 5 Mississippi: 144-00593-1
Tax Exempt    ___	Oklahoma: 792172	South Carolina: 04680109-5	Washington: 601 428 771 5

Remarks:

Seller:	Date:	Approved by:	Date:
Buyer:	Date:	Materials Manager: Gene Hagedorn - Baldor	Date:

# TERMS AND CONDITIONS

**1. ACCEPTANCE-ENTIRE AGREEMENT** - Seller shall be deemed to have accepted all of the terms and conditions of this Master Purchasing Agreement by executing and returning to Baldor Electric the acknowledgment copy of this Master Purchasing Agreement or, if Seller fails to return such acknowledgment copy, by commencement of performance or delivery of the goods, services or work described in this Master Purchasing Agreement (the Products). Baldor Electric shall not be bound until it receives the executed acknowledgment copy from Seller or, if Seller fails to return the acknowledgment, until Baldor accepts the Products.

BALDOR ELECTRIC EXPRESSLY OBJECTS TO AND SHALL NOT BE BOUND BY ANY PROVISIONS ADDITIONAL TO OR AT A VARIANCE WITH THE TERMS HEREOF THAT MAY APPEAR IN SELLER'S QUOTATION, ACKNOWLEDGMENT, CONFIRMATION, INVOICE OR OTHER PRIOR OR LATER COMMUNICATION FROM SELLER TO BALDOR UNLESS SUCH AGREEMENT IS EXPRESSLY AGREED TO IN A WRITING SIGNED BY BALDOR. Baldor Electric's acceptance of the Products shall not constitute acceptance of Seller's terms and conditions. Upon acceptance, this Master Purchasing Agreement shall supersede all prior negotiations, discussions, and dealings and shall constitute the entire agreement between Baldor Electric and the Seller.

**2. SPECIFICATIONS** - All specifications, data and drawings furnished to Seller by Baldor Electric for the Products are incorporated herein by reference. All Products ordered by Baldor Electric shall comply with the most current specifications unless otherwise authorized by Baldor Electric.

**3. CHANGES** - Baldor Electric reserves the right to change the specifications, drawings, samples, or other descriptions or instructions, including quantities, packaging, method of shipment, and time and place of delivery for the Products. Any claim for adjustment of price or time of delivery made by Seller as a result of the changes described above must be made in writing to Baldor Electric within thirty (30) days after the date of such change.

**4. INSPECTION** - The Products shall be subject to inspection and testing by Baldor Electric. Baldor Electric may inspect any Products while they are being manufactured by Seller. If inspection is made on Seller's premises, it shall be without charge and Seller will provide all reasonable equipment and personnel required. Seller shall pay Baldor Electric the costs of all tests on Products, which do not meet the specifications of this Master Purchasing Agreement. Approval of the Products by Baldor Electric upon inspection shall not constitute acceptance thereof, nor waive the right of Baldor Electric to reject Products or recover upon any warranty on Products, which develop defects subsequent to inspection.

**5. REJECTED GOODS** - Seller agrees not to supply any Products or material previously rejected by either Baldor Electric or any other buyer. If any goods are found by Baldor Electric after shipment to its destination to be defective in material or workmanship, or otherwise not in conformity with any warranty or the requirements hereof. Baldor Electric, in addition to any other rights which it may have under warranties or otherwise, may, at its election, reject and return such goods at Seller's expense, or repair any defective goods and charge Seller the actual labor cost and factory overhead. Goods rejected and returned shall not be replaced by Seller without written authorization by Baldor Electric. Payment for goods or services prior to inspection shall not constitute their acceptance by Baldor Electric.

**6. WARRANTY** - Seller warrants that upon delivery and for a period of one year after delivery the Products supplied under this Master Purchasing Agreement shall be of the quality, quantity, size and description and dimensions ordered, shall fully comply with specifications, drawings, samples, or other descriptions furnished by Baldor Electric, that they will be merchantable, of good quality, material and workmanship, free from defects, and that they will be fit for the purposes for which they were sold. Products required to be repaired or replaced shall be subject to this warranty for one year after the date of such repair or replacement. All warranties shall survive delivery and shall not be deemed waived either by reason of Baldor Electric's acceptance of Products or payment for them.

**7. PRICE** - Baldor Electric shall not be billed at a price higher than quoted or last charged unless a different price is authorized by this Master Purchasing Agreement. Seller warrants the price charged for the Products to be the lowest price charged by Seller to buyers of a class similar to Baldor Electric purchasing in quantities and under circumstances comparable to those specified in this Master Purchasing Agreement. Seller agrees that any reduction in the price of the Products covered by this Agreement, subsequent to the placement of this Agreement or prior to Baldor Electric's receipt of the Products, shall apply to this Agreement.

**8. DELIVERY** - Seller will deliver the Products in accordance with purchase requisition lists transmitted by plant planners. Shipments made prior to any specified date at Baldor Electric's option may be held at Seller's risk or returned to Seller at Seller's expense and risk. Any invoice issued will be held and applied to shipping dates specified by planner. Time is of the essence, if delivery of the Products is not completed by the time scheduled, Baldor Electric reserves the right, without liability, in addition to its other rights and remedies, to terminate the particular purchase requisition or this Master Purchasing Agreement by notice effective when received by Seller, and arrange for either completion and/or purchase of substitute items elsewhere and to charge Seller with any loss or additional costs or expenses incurred. Shipments sent C.O.D. without the written consent of Baldor Electric will not be accepted and will be at Seller's risk. Seller shall notify Baldor Electric immediately of any actual or possible delay in schedule.

**9. PROPERTY FURNISHED SELLER BY BALDOR ELECTRIC** - Unless otherwise noted in writing, all tools, equipment, materials, drawings, samples, models or other items of every description furnished to Seller by Baldor Electric or specifically paid for by Baldor Electric or any replacement therefore shall be and remain property of Baldor Electric. All such property shall be preserved in good condition and stored separately from Seller's property. Seller shall insure such property in an amount equal to the replacement cost, proceeds to be payable to Baldor Electric. Seller shall use such property only for work done for Baldor Electric and shall return the property to Baldor Electric upon request at Seller's expense. Seller shall not substitute any property for Baldor Electric's property. Property returned to Baldor Electric shall be in substantially the same condition as when received, reasonable wear and tear excepted.

**10. CONFIDENTIALITY** - Unless specifically excepted in writing, all information, including any specifications, drawings, sketches, models, samples, technical information, methods, processes, techniques, shop practices, formulas, compounds, compositions, research data, marketing and sales information, customer lists, plans, know-how, trade secrets, or data, written or oral, disclosed by Baldor Electric to Seller shall be kept confidential. Without prior written consent of Baldor Electric, Seller shall not advertise or publish the fact that Seller has contracted to furnish the goods or services ordered. Failure to observe this provision shall be a material breach by Seller.

**11. PATENTS** - By acceptance of this order, Seller warrants that the Products and the sale and use of them will not infringe any United States or foreign letters patent. Seller agrees to indemnify and save harmless Baldor Electric, its successors, assigns, and customers, and any users of Baldor Electric products, against all suits at law or in equity and from all damages, liability, claims and demands, for actual or alleged infringement of any U.S. or foreign letters patent by reason of the use or sale of the Products hereby ordered. Seller shall notify Baldor Electric of any potential conflict with any patent, copyright or trademark of which Seller has knowledge at the time of returning the acknowledgment copy of this Master Purchasing Agreement. In the event of such a notification either Baldor Electric or Seller shall have the right to withdraw from performance under this Master Purchasing Agreement by written notice to the other party within ten (10) days of such notification.

**12. ASSIGNMENTS AND SUBCONTRACTS** - Seller shall not assign any right or interest in this Master Purchasing Agreement nor delegate any obligations owed by Seller hereunder without the written permission of Baldor Electric. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes. Seller shall not subcontract for the furnishing of any of the completed or substantially completed Products under this Master Purchasing Agreement without the prior written consent of Baldor Electric.

**13. COMPLIANCE WITH LAWS** - Seller represents and guarantees that in furnishing the articles, materials or services covered by this Order that Seller shall comply with all applicable state, federal and local laws, rules and regulations, and will indemnify Baldor Electric against liability for any failure to do so and shall furnish Baldor Electric a certificate to such effect as may be required.

**14. QUANTITIES** - Baldor Electric shall not be liable for payment for any Products delivered in excess of quantities specified in the purchase requisition list.

**15. ERRORS** - Mistakes in prices, discounts, specifications, delivery schedules or other term and any noticeable discrepancies in quantities and sizes, are to be reported by Seller to Baldor Electric immediately.