

LEBUS INTERNATIONAL, INC.
PURCHASE ORDER TERMS AND CONDITIONS

1. PARTIES

“LeBus” or “Purchaser” as used herein refers to LeBus International, Inc., a Texas corporation, whose principal place of business is located at 215 East Industrial Drive, Longview, Texas 75602. “Seller” is the seller of goods or products under a purchase order and includes Seller’s successors, assigns and affiliates.

2. GOVERNING TERMS

Each purchase order submitted by LeBus and accepted by Seller and these purchase order terms and conditions constitute the sole, exclusive agreement between LeBus and Seller. Any modifications must be in writing and signed by both parties. If any provision of the purchase order or these terms and conditions is held to be invalid, the remaining provisions shall survive and remain in full force and effect. These terms and conditions shall control in the event of any inconsistency in any document referred to or incorporated herein or provided by Seller. Any waiver by LeBus of any rights under a purchase order shall not be construed as a waiver for any subsequent opportunity for performance under a purchase order. Delivery of goods or initiation of services constitutes Seller’s acceptance of all terms and conditions of any purchase order. Seller must acknowledge receipt and acceptance of each purchase order by return mail, giving the date of shipment. LeBus reserves the right to cancel any purchase order if not filled within the time specified. No purchase order may be filled at prices higher than quoted or as shown in each purchase order, and Seller warrants that all prices invoiced against a purchase order comply with any applicable governmental regulations establishing ceiling prices.

3. STATUS OF SELLER AS INDEPENDENT CONTRACT

The status of Seller is that of an independent contractor, and any workers’ compensation insurance coverage and required training for Seller’s employees shall be the sole responsibility of Seller. Seller shall at all times enforce strict discipline and good order among its employees or agents that enter LeBus’ plant site, and shall not employ on the site any unfit or untrained person or anyone not skilled in the work assigned to him. LeBus may require changes in personnel assigned to work on LeBus’ plant site when, in LeBus’ opinion, Seller’s work is not being performed timely or satisfactorily.

4. PAYMENT AND INVOICE

Payment shall be made in accordance with the provisions of each purchase order submitted by LeBus and accepted by Seller. Payment shall only become due on the day all ordered goods and services have been received, approved and accepted by LeBus, and LeBus has received a valid invoice from Seller. Seller shall mail separate invoices in triplicate for each shipment to LeBus, together with one copy of the bill of lading, immediately upon shipment. One packing list must be included in each shipment. If the terms of purchase are FOB shipping point, either with or without carriage allowance, the original freight bill, marked “paid” must be attached to the invoice. If terms of purchase are on a basis and carriage charges or prepaid by shipper, then a copy of the shipping document must be attached to the invoice.

5. SHIPMENTS

All goods must be forwarded as designed by LeBus. When the goods covered by the purchase order shall aggregate a carload shipment or more, Seller must forward in carload lots, unless duly authorized in writing by LeBus to ship in less than carloads. If the purchase order aggregates less than a minimum carload, Seller must forward the entire quantity at one time unless otherwise authorized in writing by LeBus. Shipments will not be considered as completed until a bill of

loading or similar receipt is received. Unless otherwise indicated by LeBus on the face of the purchase order, Seller shall deliver all goods FOB destination and shall pay all costs and expenses associated with shipping and delivery to LeBus. LeBus may vary or suspend the shipping schedule for goods under any purchase order as LeBus deems necessary.

6. PACKING AND CARTAGE

Seller must provide proper and adequate packaging in accordance with the best commercial practices. LeBus reserves the right to reject any shipment that it believes was not packaged adequately. Damage to any goods not properly packed will be charged to Seller. Unless otherwise indicated by LeBus on the face of the purchase order, Seller may not charge LeBus for packing, boxing or cartage, and no charges for packing, crating or containers will be allowed unless expressly provided for in any purchase order. LeBus will receive the benefit of any decrease in freight charges between time of quotation and date of shipment, where such charges are included in the price originally quoted.

7. WARRANTY AND INSPECTION

Seller warrants that all goods and services shall: conform to the specifications, drawings, samples or other description agreed to by Seller and LeBus; meet the highest industry standards for merchantability and workmanship; be free from all defects; and comply with all applicable laws and regulations. Such warranties shall survive LeBus' inspections, tests and acceptance for a period of twelve (12) months from the date of LeBus' acceptance of the goods and services. Seller's obligations and LeBus' rights hereunder shall remain in full force and effect beyond the twelve (12) month period to cover any defects that are latent or could not have been discovered through reasonable use of the goods or services provided. If any goods or services performed are defective or otherwise not in conformity with the requirements of the purchase order, LeBus, in addition to its other rights including the right to recover direct and consequential damages (including business and economic losses), attorney's fees and costs, may reject the same for full credit or require proper correction, replacement or completion thereof at Seller's expense. All rejected goods may either be returned to Seller at Seller's expense, or may be held by LeBus for disposition at Seller's risk and expense. Seller shall at all reasonable times permit inspection and testing by LeBus of all items, work in process, materials and workmanship covered by the purchase order.

8. TITLE

Title to goods furnished under the purchase order shall pass when they are delivered and accepted by LeBus at their final destination in compliance with the governing FOB terms and LeBus has determined that such goods satisfy Seller's warranty. Risk of loss, injury or destruction of the goods shall be borne by Seller until title passes to LeBus.

9. PRODUCT OR SERVICE CHANGES

The quantity, package or unit size of the goods ordered, or the level of services provided must not be changed without LeBus' prior written consent.

10. TERMINATION FOR CAUSE AND CONVENIENCE

(A) Termination for Cause. LeBus may terminate or cancel the purchase order in whole or in part for cause, if: (1) Seller's performance does not conform in all respects to Seller's warranty or specifications or the terms of the purchase order; (2) Seller fails to timely and satisfactorily provide its goods or services to LeBus, as time is of the essence

for Seller's performance; or (3) any question arises concerning Seller's financial condition or solvency. Where a basis for termination exists, LeBus will give Seller written notice specifying the Seller's deficiencies. If the deficiencies are not corrected to the satisfaction of LeBus within seven (7) days of the date contained on LeBus' written notice, or such other time period set forth in LeBus' notice, Seller will be given written notice of LeBus' termination of the purchase order for cause. Any notice of termination or cancellation shall specify the extent to which performance under the purchase order is terminated, and the effective termination or cancellation date. Appropriate adjustment will be made for performance by Seller prior to the effective date of termination, minus any additional costs of completion and damages that LeBus may incur as a result of the termination.

(B) Termination for Convenience (Without Cause). LeBus may, by written notice, terminate or cancel the purchase order in whole or in part, at any time and for any reason for LeBus' convenience. In the event the purchase order is terminated for convenience or canceled, Seller shall be entitled to recover the balance due on the purchase order price only for the goods and services received, approved and accepted by LeBus up through the date of termination, less previous payments made and any costs LeBus has incurred as a result of Seller's actions under the terminated or canceled purchase order. In no event may Seller recover from LeBus any damages, direct, consequential or otherwise or lost profits arising from termination of a purchase order.

11. **REPROCUREMENT**

If LeBus terminates a purchase order in whole or in part for cause, LeBus may reprocure substitute goods and/or services that are comparable to those included in the terminated purchase order. Seller shall be liable for any excess or cover costs for those substitute goods and services.

12. **LIABILITY AND INDEMNIFICATION**

SELLER AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS LEBUS FROM AND AGAINST ALL CLAIMS, SUITS OR DEMANDS OF ANY KIND AND DESCRIPTION, AND FROM AND AGAINST ALL ALLEGED OR ACTUAL DAMAGES, LOSS, FINES OR PENALTIES WHICH LEBUS OF LEBUS' PROPERTY MAY SUSTAIN, INCUR, SUFFER OR RECEIVE AND WHICH ARISE OR ALLEGEDLY ARISE IN WHOLE OR IN PART FROM SELLER'S PERFORMANCE UNDER THE PURCHASE ORDER OR FROM ANY PAYMENT OF ALL JUDGMENTS, LEGAL FEES AND EXPENSES INCURRED BY LEBUS. LEBUS' RIGHTS AND SELLER'S INDEMNITY OBLIGATIONS HEREUNDER SHALL APPLY WITH FULL FORCE AND EFFECT EVEN IF LEBUS OR ANY THIRD PARTY IS OR MAY BE NEGLIGENT, LIABLE OR RESPONSIBLE IN PART FOR THE CLAIM, SUIT, DEMAND, DAMAGE, LOSS, FINE OR PENALTY SUSTAINED, INCURRED, SUFFERED, OR RECEIVED. HOWEVER, SELLER'S INDEMNITY OBLIGATION SHALL APPLY FOR THE AMOUNT AND TO THE EXTENT THAT SELLER IS AT FAULT FOR OR THE CAUSE OF SUCH LOSS OR DAMAGES. LEBUS' RIGHTS AND SELLER'S OBLIGATIONS HEREUNDER SHALL SURVIVE THE EXPIRATION OR TERMINATE OF ANY PURCHASE ORDER.

13. **INTELLECTUAL PROPERTY LIABILITY**

Seller agrees to indemnify, defend and hold harmless LeBus against any claims, suits, actions or proceedings involving the infringement of intellectual property rights, and which arise from or relate to the use, sale or receipt of the goods and services acquired hereunder. Seller agrees to pay for any costs of such defense, including legal fees. If LeBus is enjoined from using the goods or services hereby provided, Seller shall reacquire them from LeBus at the original order price plus transportation, installation (if any), and all other damages or costs sustained by LeBus which arise from LeBus' use of the goods or services.

14. **COMPLIANCE WILL ALL LAWS AND ENVIRONMENTAL SAFETY AND HEALTH POLICY**

Seller acknowledges that compliance with laws and providing a safe and healthy workplace and protection of the environment is LeBus' priority and agrees to abide by that priority in all of its actions that relate to LeBus. Seller agrees, represents and warrants in providing goods and services hereunder that it will fully comply with all applicable federal, state and local laws, rules, regulations, standards and other governmental requirements including, but not limited to, the Federal Occupational Safety and Health Act, the Federal Mine Safety and Health Act, and the inclusion in the purchase order of any specific laws or regulations does not and is not intended to relieve Seller of its obligation to comply with all laws, rules, statues, regulations and ordinances. Seller further agrees that any of its officers, agents, employees, contractors or subcontractors that enter LeBus' premises will be trained, certified and/or licensed both as required by such laws or regulations and in the methods and procedures for compliance with them. Seller acknowledges and agrees that it has instituted a policy that mandates compliance with this provision.

15. **ENVIRONMENTAL HEALTH AND SAFETY PROVISIONS**

Seller agrees to comply with all of LeBus' safety, health and environmental rules and procedures relating to work performed on, and access and use of, LeBus' facility, including, but not limited to, the following general safety and health and environmental provisions:

(A) Seller shall designate a job site representative to be its supervisor responsible for compliance with all laws, and that person shall be responsible for promoting health, safety and accident prevention, environmental protection, compliance with applicable laws, rules and regulations and coordinating such activities with LeBus.

(B) Seller shall convey in writing to its employees and employees of its subcontractors that they must notify Seller and LeBus' representative immediately of any environmental, safety or health concerns or hazards or problems they may have or encounter in performing the purchase order or any of its requirements. Seller agrees to evaluate the concern, take protective actions if needed and notify LeBus of such concerns and actions in writing.

(C) Seller agrees to limit its travel on LeBus' facilities solely to that necessary for performing the purchase order and require that its employees, agents and subcontractors be accompanied by LeBus' personnel, unless a particular employee, agent or subcontractor is authorized in writing to be unaccompanied.

(D) Seller agrees to become familiar with and train its employees and those of its subcontractors in the characteristics of the site, including, but not limited to, any hazards, restricted areas, protective measures and applicable emergency and evacuation procedures.

(E) Seller agrees to provide and utilize safe, functional equipment and non-hazardous materials and to possess or obtain, prior to entering LeBus' site, any training, testing, licenses or certifications that are necessary, appropriate or required for utilizing all equipment, materials and tools used to perform the purchase order. Seller also agrees to maintain such equipment,

materials and tools in good order and working condition and utilize protective equipment whenever necessary or required by law or LeBus' policies.

(F) Seller agrees to be subject to LeBus' contract compliance monitoring, but also agrees that such monitoring or the lack thereof does not relieve Seller of any duties and/or obligations under the purchase order or applicable laws.

(G) Seller agrees to obtain LeBus' written approval of its subcontractors and their employees before utilization on LeBus' premises. Seller agrees that its subcontractors will meet the same safety and health and environmental requirements and provide the same information to Seller as LeBus requires of Seller. Seller in turn must provide copies of all such information to LeBus.

(H) Seller shall promptly advise LeBus of any investigation or inspection by any federal, state or local governmental agency in any way related to or concerning LeBus.

(I) Seller shall immediately notify LeBus (and if required provide a detailed written report) of every accident or incident involving injury to personnel or occupational illness or damage to LeBus' property or environmental incident or event occurring in connection with the purchase order and agrees to assist LeBus with any investigation thereof. Seller also agrees to record and report all required information by and to all appropriate federal, state and local regulatory agencies and to provide notice of and copies of such reports and information to LeBus. Seller shall also report to LeBus employee days and hours worked while on LeBus' premises.

(J) Seller agrees to provide LeBus with its written environmental, safety and health programs and documents applicable to its presence on LeBus' facility and to provide any requested additional documentation or certification.

16. EFFECTS OF LEBUS' VOLUNTARY ACTIONS

(A) Seller's duties of indemnity towards LeBus pursuant to paragraph 12 shall apply with full force and effect even if LeBus provides Seller with safety, health and environmental information, training, materials, inspections, goods or services, or otherwise voluntarily assists Seller in protecting people and the environment and meeting Seller's compliance obligations hereunder.

(B) Seller acknowledges that it is fully and solely responsible for compliance with all laws and regulations and that any assistance provided by LeBus as referenced herein is provided voluntarily and solely for the purposes of promoting the parties' mutual interest in health, safety and the environment.

(C) Any actions by LeBus in volunteering environmental, safety and health information, training, materials, equipment and services shall not be alleged to, nor constitute a change in, or diminish or relieve Seller of any contractual or governmental responsibilities in these areas and shall not constitute, nor be alleged by Seller in any inspection, investigation or legal proceeding to constitute control, supervision or direction of their employers.

17. ENVIRONMENTAL SAFETY AND HEALTH VIOLATIONS AND ASSESSMENTS

Seller acknowledges that violations by Seller of health, safety, environmental and other statutory and regulatory laws and authority may result in the imposition of civil and/or criminal fines and penalties or in other damage and loss to both LeBus and Seller. Seller agrees that LeBus shall have the right to assess or back-charge Seller an amount equal to that which OSHA, MSHA or the EPA or their state or local equivalents are authorized to assess or propose for violations whenever LeBus determines that Seller has committed such a violation. LeBus also shall have the right to inspect or audit Seller's records, conduct or actions related to any purchase order for the purpose of monitoring Seller's compliance with and for enforcing the terms of this provision. LeBus' remedies against Seller for violations of the environmental, health and safety provisions of the purchase order shall not be limited to those set forth above.

18. EMPLOYMENT LAWS AND FAIR LABOR STANDARDS

Seller certifies and agrees that the goods and/or services furnished hereunder are produced and provided in compliance with the Labor Standards and Anti-Discrimination Laws and Standards as well as all other laws, regulations, ordinances, rules or orders issued or enforced by the United States Department of Labor or any other federal, state or local agency or commission intended to protect against illegal or improper employment practices, including all such applicable laws regarding contracts with federal, state or local agency or commission intended to protect against illegal or improper employment practices, including all such applicable laws regarding contracts with federal, state and local governments.

19. INSURANCE AND BENEFITS

If a purchase order requires the employees, officers, agents or subcontractors of Seller to enter, or results in any of them entering LeBus' premises, facility or site or LeBus otherwise requires it, Seller shall (a) carry liability insurance in the amount of two million dollars (\$2,000,000.00) and such other coverage amount as may be specified by LeBus in any purchase order or other written document; (b) also carry workmen's compensation insurance as required by the laws of the state in which work is performed; and (c) immediately furnish to LeBus at the time of the receipt of the purchase order a certificate or other evidence of such insurance identifying LeBus as an additional insured. All of Seller's policies shall contain an endorsement waiving the insurer's right of subrogation against LeBus. If for any reason Seller's employees or any of its subcontractors' employees or agents acquire a status imposing liability on LeBus for employer's contributions or taxes under the Federal Social Security Act or under the State Unemployment Insurance, Old Age Benefit, or similar acts, or any pension, savings or profit sharing funds or benefit programs, Seller shall be exclusively liable for, and shall indemnify, defend and hold harmless LeBus against any claims for such benefits. Seller also agrees to comply with all laws and regulations so as to relieve LeBus from any and all liability for such benefits or the responsibility for making any reports or keeping any records with respect thereto.

20. ASSIGNMENT

Seller shall not assign a purchase order without the prior written consent of LeBus.

21. CLAIMS

In the event Seller sustains a delay, damage or loss of any kind or encounters a change or unexpected condition during performance of a purchase order, Seller's sole remedy, if any, as applicable against LeBus shall be an award of an extension of time for performance of the purchase order. In no event may Seller recover any monetary relief from LeBus, including, but not limited to, damages, consequential or otherwise.

22. MEDIATION AND ARBITRATION

If a claim, demand, disagreement, controversy, or dispute (collectively, "Dispute") arises in connection with any purchase transaction or the breach thereof and if the Dispute cannot be settled through direct discussions, the parties agree to endeavor first to settle the Dispute in an amicable manner by mediation to be held in Longview, Gregg County, Texas, United States of America, administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration. The mediation will be completed within thirty days of receipt of written demand for mediation. Thereafter, any unresolved controversy or claim or breach thereof will be settled by binding arbitration initiated by written notice by either party to

the other of the intent to arbitrate. The arbitration will be held in Longview, Gregg County, Texas, United States of America, and administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered may be entered in any court having jurisdiction. The arbitration proceeding shall be conducted by a single arbitrator who shall make an award in accordance with the terms of this agreement and laws of the State of Texas. Notwithstanding any other provision of this agreement to the contrary, no party will be precluded from seeking injunctive relief or a temporary restraining order before implementing procedures for mediation or arbitration, provided that such party determines in the good-faith exercise of its reasonable judgment that it will suffer irreparable harm or injury by any delay caused by mediation or arbitration proceedings.

23. GOVERNING LAW; JURISDICTION AND VENUE

The agreement and relationship of the parties is governed by, construed and shall be interpreted in accordance with the internal laws of the state of Texas without regard to those provisions relating to conflicts of laws. Each party hereby irrevocably consents, admits and submits itself to the jurisdiction of the state and federal courts sitting in the state of Texas. Venue of any suit or other legal proceeding shall be exclusively in a state court having jurisdiction located in Gregg or Harrison County, Texas or a federal court in the Eastern District of Texas, Marshall or Tyler Division.

24. NOTICE

Any written notice required under any purchase order shall be sent to LeBus' and Seller's address appearing on the face of the purchase order.