



Kalas Manufacturing, Inc.

STANDARD PURCHASE TERMS & CONDITIONS

- 1. Acceptance.** This is an offer to Purchase by KALAS Manufacturing, Incorporated, (Buyer), as applicable, which may be changed at any time before it is accepted by Supplier. The terms and conditions of this offer to purchase will be accepted by signing and returning this order to Buyer, by other written proof of acceptance, by the commencement of any work or the performance of any services contemplated by this order, or by the shipment of any conforming or non-conforming goods.
- 2. This Document Controls.** ANY ADDITIONAL, DIFFERENT, OR INCONSISTENT TERM OR CONDITION CONTAINED IN ANY OTHER DOCUMENT USED OR FURNISHED BY SUPPLIER WILL BE OF NO FORCE OR EFFECT WHATSOEVER, EXCEPT TO THE EXTENT BUYER EXPRESSLY SO AGREES IN WRITING. ONLY THE TERMS AND CONDITIONS CONTAINED IN THIS PURCHASE ORDER SHALL GOVERN THE SALE OF THE GOODS COVERED BY THIS PURCHASE ORDER. NEITHER BUYER'S ACCEPTANCE OF ALL OR PART OF THE GOODS, BUYER'S PAYMENT FOR THE GOODS, OR ANY OTHER DOCUMENT SHALL MODIFY OR REJECT THE TERMS HEREIN STATED. IF THESE TERMS AND CONDITIONS DIFFER FROM THE TERMS AND CONDITIONS SET FORTH IN ANY QUOTATION, ACCEPTANCE OR OTHER SUPPLIER DOCUMENT, THESE TERMS AND CONDITIONS WILL BE CONSTRUED AS A COUNTEROFFER AND WILL NOT BE EFFECTIVE AS AN ACCEPTANCE OF ANY SUPPLIER TERMS AND CONDITIONS WHICH CONFLICT HEREWITH.
- 3. Buyer's Property.** All tools, equipment and material furnished to Supplier by Buyer or paid for by Buyer, as well as replacements therefore and attachments thereto, shall be and remain the property of Buyer. Such property shall be adequately identified, protected and insured by Supplier.
- 4. Changes.** Supplier shall not make changes in the specifications, physical composition of, or processes used to manufacture the goods hereunder without Buyer's prior written consent. However, Buyer shall have the right to make changes of any kind (including quantity) to this order. If such changes affect delivery or the amount to be paid by Buyer, Supplier shall immediately notify Buyer in writing and negotiate an agreed adjustment. BUYER WILL NOT BE LIABLE FOR SELLER'S LOST PROFITS OR ANY OTHER CONSEQUENTIAL DAMAGES. Buyer's liability shall be strictly limited to material and labor already purchased and used to fulfill the order, and further subject to Supplier's duty to mitigate damages including reselling or reusing the items in question.
- 5. Compliance With Laws.** Supplier agrees to comply with the applicable provisions of all Federal, State, Provincial, and local laws and all regulations issued thereunder and if applicable, all such laws and regulations applicable to government contractors.
- 6. Delivery.** Delivery shall be in accordance with the Incoterms 2000 established by Buyer as shown on the front of the Purchase Order unless otherwise specified on the front of

this Purchase order: (i) Supplier shall be responsible for all transportation charges, and (ii) Delivery shall not be deemed completed until goods have been actually received and accepted by Buyer, notwithstanding any agreement to pay freight, express service or other transportation charges. Risk of loss and title shall not pass to Buyer until acceptance by Buyer. TIME IS OF THE ESSENCE unless specifically set forth otherwise on the front of this order. Any material(s) or good(s) not delivered at the established date and place shall entitle Buyer immediately in its sole discretion to obtain like quantity and quality material(s) and/or good(s) from another supplier. Loss or cost shall be paid by Supplier, regardless of the cause for delay or loss. Without cost to Buyer, Buyer may refuse any goods and cancel all or any part of this order if Supplier fails to deliver all or any part of the goods in accordance with the terms of this order. Acceptance of a part of any order shall not obligate Buyer to accept future shipments, or deprive it of the right to return goods already accepted, pursuant to the remedies available to Buyer by law or contract.

7. Documentation. The Purchase Order number, the quantity, and part number must appear on all invoices, packing lists and containers, and each shipment must be accompanied by a bill of lading. Supplier shall ensure that proofs of origin and Supplier's custom declarations and supporting documentation can be inspected by the customs authorities. Supplier further undertakes to compensate Buyer for any damages arising from non recognition of the declared origin by the responsible authorities.

8. Supplier Warranties.

(A) Supplier warrants that all goods sold hereunder or pursuant hereto, will be free of any lien or other claim of any nature by any third party, and that Supplier can and will convey clear title thereto to Buyer as provided hereunder.

(B) Supplier expressly warrants and represents that all goods sold hereunder or pursuant hereto will be of merchantable quality, and free from all defects in design, workmanship and materials. Further, Supplier acknowledges that it has knowledge of the particular purpose for which the goods are purchased and warrants further that all such goods are fit for such particular purpose. The goods are to be provided in strict accordance with the specifications and/or according to samples, drawings, designs or other requirements (including performance specifications) supplied by Buyer.

(C) Supplier warrants that the goods will be produced, packaged, labeled delivered, and furnished in full compliance with all applicable laws and regulations and all necessary or applicable technical standards.

(D) To the extent that the goods are not manufactured to designs and specifications furnished by Buyer, Supplier warrants that the use or sale of the goods will not infringe any patent or trademark or other similar proprietary rights laws, and Supplier, at its expense, will defend any and all actions or suits charging infringement of the same, and will save harmless Buyer and its customers from all expenses incurred in defending any such claim.

(E) The warranties contained in this Section shall be in addition to, and shall not be construed as restricting or limiting any warranties or remedies of Buyer, expressed or implied, which are otherwise provided by contract or law.

(F) Supplier agrees that these warranties shall run to Buyer and its successors and assigns, to customers, and to the users of the goods. These warranties shall survive any delivery, inspection, testing, acceptance or payment by Buyer. Supplier acknowledges that it is an expert in producing and supplying the goods and, notwithstanding Buyer's acceptance of specifications, samples, test data and the goods, Supplier agrees that Buyer may rely upon Supplier as an expert.

9. Remedies. If the goods sold to Buyer breach any warranty above or imposed by law, or if any of the goods ordered are found at any time to be defective in material or workmanship, or otherwise not in conformity with the requirements of this Purchase Order, including any applicable drawings and specifications, Buyer, in addition to such other rights as it may have by law, at its sole option and discretion may exercise any or all

of the following options: (i) require Supplier to immediately remedy the defect or problem at its expense; and/or (ii) reject and return such goods at Supplier's expense; and/or (iii) require Supplier at its sole expense to replace the rejected goods; and/or (iv) require Supplier, at Supplier's cost, to inspect the goods and remove and replace non-conforming goods with goods that conform to this order and thereby also return affected areas to the state that would have existed if the goods were not defective; and/or (v) carry out a price reduction for the goods; and/or (vi) obtain replacement goods from a third party, with Supplier being liable for any price differential between the price of said goods and the purchase price set forth herein; and/or (vii) seek any and all remedies available at law for any such defect or breach including those available under the UCC, where applicable, it being understood that Buyer is entitled to the direct and consequential damages it suffers, including reasonable attorney's fees, interest at a lawful rate, court costs, freight, and loss of profits.

10. Indemnification. Supplier agrees to defend, indemnify and hold harmless Buyer and its agents from any property damage, personal injury, expense, liability, claim or loss, including claims arising in connection with product liability, tort and strict liability (collectively, "Damages"), that are in any way based upon, caused in whole or in part by or related to: (i) Buyer being ordered by a government agency to recall, replace or repair the goods; (ii) any breach of warranty by Supplier; or (iii) the goods being defective, unsafe in design or manufacture, or otherwise responsible for any such Damages.

11. Insurance. Supplier agrees to maintain adequate amounts and forms of business insurance (from a reputable insurance carrier), acceptable to Buyer, including, but not limited to, commercially reasonable amounts of product liability insurance, public liability insurance, workers compensation insurance (when labor is to be performed by Supplier) and any other insurance in order to pay all reasonably foreseeable claims. Buyer shall be named as an additional insured in each such policy and Supplier shall provide Certificates of Insurance upon request.

12. Samples, Models & Drawings. Any sample, drawing, design, specification, model or other proprietary information supplied to Supplier is confidential and a proprietary trade secret which must be kept confidential. Supplier may not copy, reproduce, or distribute Buyer drawings, designs, specifications, samples, models or information to any third party without the written permission of Buyer. Supplier may not appropriate any sample, drawing, design, specification or model for Supplier's own use or for resale, and agrees to return all originals and copies to Buyer.

13. Miscellaneous. If, on any occasion, Seller waives or agrees to modify any term or condition of this agreement, this shall not be construed as a continuing or permanent waiver. If any provision of this Purchase Order or the application thereof to any person or circumstance is held invalid to any extent, then the remainder of this Purchase Order shall not be affected thereby. The Purchase Order and these Terms and Conditions are governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to its law or the choice of laws. Any suit or claim of any kind against or involving Buyer arising from this sale must be filed in the Court of Common pleas of Lancaster County, Pennsylvania; or in the U.S. District Court for the Eastern District of Pennsylvania, and Supplier agrees that such courts shall have sole and exclusive jurisdiction and venue of any such suit. This Purchase Order or any part thereof may not be modified or terminated orally, a written acknowledgment signed by Buyer accepting such change is required.