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**P.R. HOFFMAN MACHINE PRODUCTS INC. STANDARD TERMS AND CONDITION OF PURCHASE**

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1. **DELIVERY**-Deliveries must be made by Seller strictly in accordance with instructions specified herein. All shipments must be packed to conform to Purchaser's specifications and the requirements of applicable carrier freight classifications. Purchaser may reject, any delivery, including a delivery under an installment contract, for any non-conformity in the goods or the tender thereof, in the event that goods are shipped in advance of the time specified. Purchaser specifically reserves the right to reject such delivery and return it at Seller risk and expense or at Purchaser's option, retain such goods but defer payment until the payment date specified. Rejected items will be held at Seller's risk, and all expenses incident to the storage, reworking, repacking, shipment, sale or implementation of Seller's sale cost and expense. Rejection shall in no way limit Purchaser's right to require replacement of rejected items with conforming goods at Purchaser's option. Purchaser reserves the right to cancel this contract in the event that the goods or the tender of any delivery, including within the contract time and Seller promptly notifies Purchaser of its intent to cure.  
In the event that Seller shall refuse or be unable to make deliveries at the time specified herein, Seller, upon becoming aware of such circumstances as shall render if unable or unwilling to make deliveries at such times, shall immediately inform Purchaser of the reasons therefore. Seller shall pay all of the Purchaser's added expenses and damages, including factory costs and overhead, incident to late delivery, and will pay all premium or unusual transportation charges incurred because of late delivery.
2. **INSPECTION**-Purchaser's acceptance of all goods and articles and all parts, materials and workmanship in respect thereof ordered under this contract are contingent upon inspection and testing by Purchaser notwithstanding prior payment or expressions of acceptance or general satisfaction. Preliminary inspection by or on behalf of Purchaser shall not accelerate the acceptance date nor extend the delivery date nor relieve Seller of its obligations to make full and adequate tests and inspections. Purchaser may inspect at the place of manufacture both during manufacture and prior to shipment. If any Agreed Sample Inspection or Acceptance Quality Level (AQL) is specified on the face of this order, Purchaser may reject any delivery on the basis thereof.
3. **CANCELLATION AND TERMINATION**- (a) Acceptance hereof notwithstanding. Purchaser reserves the right to anytime cancel all or any part of this contract for any breach thereof by Seller. Notwithstanding the acceptance of a defective installment, Purchaser reserves the right to cancel the executory portion of an installment contract. (b) Notwithstanding the foregoing subparagraph 3(i). Purchaser may terminate all or any portion of this order at least 60 days prior to any scheduled delivery date, and in such event Purchaser's sole liability will be to accept and pay for confirming goods scheduled for delivery and delivered within 60 days of such termination. (c) In the event of termination or cancellation, Seller will stop work immediately on the terminated portion and immediately notify its subcontractors to stop work on such portion. In the event of termination by Purchaser other than for cause. Purchaser will reimburse Seller for its reasonable and necessary expenses up to the date of termination, but will not be responsible for any profits or overhead on the portion terminated and will have no liability whatsoever in respect of goods scheduled for shipment 60 days or more from the date of termination. (d) Termination or cancellation as the case may be, shall be effective upon giving written notice thereof to Seller.
4. **MODIFICATION** – This contract may not be modified, amended or rescinded except by a writing signed by a duly authorized agent of Purchaser. Purchaser shall have the right by giving written notice to Seller to propose reasonable changes in the drawings, specifications, design, quantities and delivery schedule of goods ordered hereunder. Seller shall have the right to accept or reject such proposals. Seller shall, within 10 days after such acceptance or such additional period as the parties agree to reasonably required by Seller, deliver to Purchaser

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a statement showing the effect, if any, of such changes on delivery date and/or prices specified herein. In the event that Seller does not accept such changes in writing, Purchaser may terminate this contract.

5. **FORCE MAJEURE**-Purchaser shall not be obliged to accept goods covered by this contract while it is unable to do so as a result of causes or conditions beyond its control including, without limitation, fires, floods, strikes, differences with employees, casualties, total or partial shutdown of its plants for any reason, or rules or regulations of any governmental authority, and in such event Purchaser may, at its option, extend the time of any payments due hereunder, without interest, by the length of such period during which Purchaser is unable to accept goods, or Purchaser may terminate all or such portion of this contract represented thereby without penalty.
6. **QUANTITIES AND PRICES**-A packing list referencing this purchase order number must accompany each shipment. Purchaser reserves the right to accept or reject any shipment, including any individual shipment under an installment contract, which is not accompanied by a packing list referencing the order number, however, in the event Purchaser accepts such shipment, Purchaser's count shall be conclusive and binding. If no price is specified herein, the price shall be as agreed upon between Purchaser and Seller. If no price has been agreed upon, the price shall be the prevailing market price for goods ordered herein at the time and place of issuance of this purchase order but in no event higher than Seller's lowest prevailing price for goods at the date of shipment. In such event, all customary discounts and allowances shall apply, and Seller warrants that such price is not and will not exceed any maximum price for such goods established from time to time by any governmental agency.
7. **TAXES**-Unless otherwise provided, the prices specified on the face of this purchase order shall include all applicable Federal, State and local taxes in effect on the date of shipment, except for Federal excise taxes and sales taxes, if any, which shall be shown as a separate item on Seller's invoices. Purchaser reserves the right to issue, in lieu of payment of taxes, a tax exemption certificate applicable thereto, In the event of the repeal or addition of applicable taxes after the date hereof but prior to shipment said prices shall be adjusted accordingly.
8. **WARRANTIES**-Seller expressly warrants that all goods, materials, parts, work and services covered by this contract will conform to any specifications, drawings, samples, descriptions or requirements herein specified by Purchaser, or annexed hereto, and shall be merchantable, or good workmanship and materials and free from defects and be fit and sufficient for the purpose intended by Purchaser. Seller further warrants that the goods and/or services provided for herein have been or will be produced, manufactured, delivered and effectuated in full compliance with the requirements of the United States Fair Labor Standards Act, as amended, and all regulations or orders of the United States Department of Labor issued thereunder and all other applicable Federal, State, local or foreign laws, ordinances, rules and regulations, including, without limitation, all applicable Federal, State, local or foreign regulations pertaining to occupation safety. Seller expressly agrees to make available to Purchaser, under reasonable terms of price and delivery, replacement parts for all goods ordered hereunder during the reasonable life expectancy of all such goods. The warranties and agreements of Seller herein contained are in addition to and not in substitution for any other warranties specified herein or implied by applicable law and shall survive acceptance and payment by Purchaser. Seller shall reimburse Purchaser for all damages to Purchaser caused by faulty materials, improper workmanship or improper packing or shipping on the part of Seller, and Purchaser may, at its option, offset the purchase price hereunder by any such amounts in the event of any ambiguities in specifications, drawings or any other requirements of the contract whatsoever. Purchaser's interpretations thereof shall be conclusive and binding.

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9. **INDEMNITIES-** Seller represents and warrants that the goods, materials and parts covered by this contract, and the sale and use thereof, will not infringe any letters patent or any other propriety interest (including, without limitations, copyright, trademarks, trade names, trade secrets and the like) either domestic or foreign. Seller shall indemnify, defend and hold Purchaser, its successor and assigns, harmless against claim, action, suit or proceeding brought against Purchaser or any of its officers, agents, employees, customer, successors or assigns, including attorney's fees, based upon such a claim that the manufacture, sale. Purchaser's intended use or resale thereof constitutes infringement of any such proprietary interest, and Seller shall pay all damages and costs awarded against Purchaser in a claim suit or proceeding. In the event that Purchaser's use thereof is enjoined in such suit or proceeding, Seller shall at its expense, and within a reasonable time, take necessary action to permit Purchaser to continue to use or resell said goods free of possible jeopardy. Failing this, and in any event when subjected to or seriously threatened by such suit or proceeding for infringement or the like, Purchaser shall have the option to either terminate this contract or to cancel it for cause as the case may be. Seller agrees to take back such contested goods as may be tendered by the Purchaser and to reimburse the Purchaser for the purchase price thereof and for all expenses incurred in effectuation such return. This right shall extend to all goods even though accepted or installed in other merchandise or resold, provided that such goods are identifiable as derived from this contract and that their sale or use would subject Purchaser or its successors or assigns, officers, agents, employees or customers thereof to possible jeopardy. Seller will further indemnify defend and hold Purchaser harmless against any claim, action, suit or proceeding brought against Purchaser or any of its officers, agents, employees and customers, including attorney's fees, arising out of any defect in materials or workmanship of any goods ordered hereby or arising out of the breach by Seller of any of its warranties contained herein.
10. **INSURANCE-** If this contract requires of permits the performance of labor for Purchaser, Seller agrees to indemnify and defend Purchaser against all liabilities, claims or demands for injury or damages to any person or property arising out of the performance hereof. Seller agrees to furnish, upon Purchaser's request, insurance carries compensation, public liability and property damage insurance coverage. Such certificates shall set forth the amount of coverage, name of the insured party, policy number and date of expiration. In the event that Seller is self-insured, a certificate of the proper department or agency of jurisdiction in which such labor is to be performed evidencing such self-insurance in compliance with applicable law must be furnished by such department or agency directly to Purchaser.
11. **CONFIDENTIALITY-**The existence of this purchase order and any specifications, technical data or other information provided by Purchaser hereunder relating to goods ordered hereunder or Purchaser's business will be kept confidential by Seller and disclosed only to its employees and persons under its control on strictly need to know basis. Seller shall not utilize such information for any purpose other than the performance of its obligations hereunder and shall not disclose nor permit persons in its employ or under its control to disclose such information to any third party. Failure of Seller to observe this provision shall constitute a material breach of this contract.
12. **PURCHASER'S PROPERTY-**Any materials, including without limitation, tools, dies, molds, jigs, fixtures, patterns, machinery, special test equipment, special taps and gauges which have been furnished by Purchaser or by Seller at Purchaser's order pursuant hereto or paid for or charged against Purchaser shall be the property of Purchaser, shall be subject to removal by Purchaser in good working condition (normal wear and tear excepted) at any time without additional cost upon demand by Purchase, shall be used only in filling orders from Purchaser, shall be kept separate from other materials, tools and the like and shall be clearly identified as the

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property of Purchaser. The same shall be identified in writing by Seller, and such materials as are to be paid for by or charged against Purchaser shall be separately invoiced. Seller shall not purchase any such materials of charge the same against Purchaser without Purchaser's request. Seller shall furnish detailed statement of inventory of such material. Seller assumes all risk and liability of loss or damage thereof, normal wear and tear excepted.

13. **DAMAGES IN SHIPMENT-** Unless otherwise agreed in writing by Purchaser, risk of loss or damage in shipment, transit and delivery, concealed or otherwise, to goods ordered pursuant hereto shall remain with Seller until receipt of goods by Purchaser from carrier at Purchaser's facility or final acceptance, whichever is later. The obligations of this Section 13 shall not be varied by trade usage, course of dealing or course of performance or by the use of trade terms such as F.O.B., F.A.S., or the like and irrespective of whether this contract is deemed to be of a shipment or destination type.
14. **INVOICES-** Payment of invoices shall not be due and invoices shall not be considered submitted for purposes of discounts based upon prompt payment, unless and until duplicate invoices showing Purchaser's Purchase Order Number are submitted together with the Original Bill of Lading.
15. **ASSIGNMENT AND DELEGATION-** Seller will neither delegate its performance, either in whole or in part, nor assign this contract of its rights hereunder, in whole or in part, without the prior written consent of Purchaser and any purported assignment or delegation without such consent shall be void. In the event of the assignment of Seller's rights or delegation of Seller's obligations. Purchaser expressly reserves the right to assert any and all defenses, set offs or recoupments which Purchaser may have against Seller, however arising against any and all payment due hereunder to the Seller or any successor or assignee thereof. No delegation of performance shall relieve Seller of any duty to perform hereunder or of any liability for breach hereof.
16. **WAIVER-** Failure of Purchaser at any time or from time to time to insist upon strict performance of any of the terms and conditions hereof by Seller, its successors or assigns, shall not be deemed a waiver thereof or of any antecedent breach for failure to perform as contracted or any rights or remedies the Purchaser shall have, nor shall it alter or modify in any manner Seller's obligation to perform this contract strictly according to the terms in the future. Neither acceptance of goods nor payment therefor by Purchaser under this contract shall relieve Seller of its responsibilities for any breach nor alter its obligation to perform this contract strictly according to the terms hereof in the future. This Section 16 is not subject to modification whether by trade usage, course or dealing, course of conduct or in any other manner except by prior written consent of Purchaser.
17. **MERGER-** The term and conditions of this order set forth the entire agreement between the parties hereto and supersedes all previous communications, representations or agreements, whether oral or written, between the parties hereto with respect to the subject matter hereof, and when accepted by Seller, shall become the final, complete and binding contract between Purchaser and Seller pertaining to the matters contained herein. Stenographic or clerical errors herein are subject to correction without penalty.
18. **REMEDIES-** The remedies herein reserved to Purchaser shall be cumulative and shall be in addition to any other or further remedies provided by applicable law or in equity.
19. **GOVERNING LAW-** This contract shall be governed and construed according to the laws of the Commonwealth of Pennsylvania pertaining to contracts made and to be performed wholly within such jurisdiction.
20. **ADDITIONAL AND DIFFERENT TERMS-** Purchaser hereby gives notice of objection to any additional or different terms and conditions unless accepted by Purchaser in writing.