

1. Acceptance. Any acceptance of any offer by the seller ("Seller") is limited to acceptance by Seller of all the additional and different terms and conditions contained herein from those in any quotation, proposal or other offer received from Seller. **Lancer System, LP** ("Buyer") objects to and rejects all additional or different terms or conditions contained in Seller's acknowledgement, sales order or confirmation of these purchase terms and conditions (the "Purchase Order"). Neither Buyer's failure otherwise to object to Seller's acknowledgement, sales order or confirmation hereof, nor the acceptance or use of Articles (defined below) hereunder, nor any other act or omission by Buyer, shall be deemed an acceptance of any additional or different terms or conditions from those contained herein. Any proposal by Seller or attempt by Seller to vary in any degree any of the terms or conditions of this Purchase Order shall not operate as a rejection of this Purchase Order unless such variances are in the terms of the description, quantity, price or delivery schedule of the Articles but shall be deemed a material alteration hereof, and this Purchase Order shall be deemed accepted by the Seller without said additional or different terms. If Seller has not otherwise accepted this Purchase Order, Seller, by commencing work, or notifying Buyer of its commencement of work or by shipping any Articles, shall be deemed to have accepted all the terms and conditions contained herein and no other terms or conditions.

2. Price. All prices stated by Buyer on or with this Purchase Order shall (a) constitute the entire consideration to Seller for all articles sold to Buyer pursuant to the terms of this Purchase Order and all parts to and instructions for the assembly, use and care of such articles (collectively, referred to as "Articles"), services, labor, boxing, crating, packaging, shipping and handling, freight, duty drawback rights transferable from Seller to Buyer and warranties; and (b) be deemed to include all applicable U.S. and non-U.S., international, Federal, state, provincial and local taxes and customs duties, the amount of which taxes and duties shall be itemized separately on Seller's invoice. Buyer shall not be liable for any interest or any late or penalty charges for failure to pay Seller's invoices when due. If, during the term of this contract, (i) Seller offers like articles in similar or lesser quantities to other buyers at lower prices per unit, or (ii) the prevailing market price per unit for like articles offered in similar or lesser quantities is lower than that offered to Buyer, then the prices stated hereon shall be automatically amended to the lower price, effective the earliest date on which such lower price was offered. Any reduction in applicable freight rates, custom duties and taxes from those in force on the date of this Purchase Order, whether separately stated or not, shall be paid to Buyer or credited against the price of the Articles. Buyer's payment or promise of payment for Articles shall not constitute acceptance thereof. Seller shall inform Buyer of the existence of any duty drawback rights transferable from Seller to Buyer and upon request, supply such documents as may be necessary for Buyer to acquire such rights. Seller shall credit against the price of the Articles or reimburse Buyer for any custom duties owed or paid by Buyer, for which drawback rights exist and which are not validly and promptly transferred by Seller to Buyer.

3. Substitution. Without the prior express written approval of Buyer, Seller may not supply to Buyer articles which are alternatives to, substitutions for or like the articles which Buyer has ordered pursuant to this Purchase. Buyer shall have the right to inspect and reject any alternative, substitute or like articles before becoming liable or obligated in any manner for them.

4. Cancellation/Termination. Buyer may cancel all or any part of this Purchase Order without charge, cost, obligation or penalty (i) if a default occurs under this Purchase Order or (ii) for the convenience of the Buyer. Buyer shall not be liable for any direct, indirect, special,

incidental, punitive or consequential damages or payment resulting from its cancellation of all or any part of this Purchase Order.

5. Risk of Loss. Notwithstanding any F.O.B. term to the contrary, Seller shall bear all risk of loss or damage until delivery to and acceptance by Buyer. Buyer's count shall be conclusive on all shipments not accompanied by a packing slip. Excess Articles may be returned by Buyer at Seller's expense. All Articles may, at Seller's cost, be inspected by Buyer at any time or place, and such inspection shall not waive, diminish or otherwise affect any of Seller's express or implied warranties and shall not constitute acceptance of any Articles. Buyer shall be deemed to have accepted Articles only after a reasonable time for discovery of defects, even if Buyer has previously inspected Articles.

6. Supplier Control and Requirements Flow Down. All materials, processes, supplies and/or services that become a part of the item(s) delivered by the supplier shall conform to Purchase Order, drawing(s) and specification(s) requirements. Supplier shall possess capability to produce items and adequate methods of assuring compliance. Seller's suppliers shall be required to flow down and verify applicable quality and technical requirements of supplies/services they subcontract.

7. Audit/Quality Control. Buyer may, at its discretion, conduct audits of Seller's and Seller's suppliers' ("Suppliers") performance under the terms of this Purchase Order and all of Seller's contracts with Suppliers ("Supplier Contracts"). Seller shall include in its Supplier Contracts provisions to allow Buyer to determine and verify the quality of work performed and material supplied at any place, including, but not limited to, the plants of Seller and all Suppliers, and at all production stages, of materials intended for incorporation into Buyer's products. Such audits by Buyer will be performed with the knowledge of and jointly with Seller or Supplier (as applicable). Seller shall (and shall cause each Supplier to) permit Buyer, its customers, government personnel, and any designated representatives of any of the foregoing (collectively, the "Inspecting Persons"), to arrange visits to Seller's offices, manufacturing facilities and warehouses, and shall arrange for such Inspecting Persons to visit the offices, manufacturing facilities, and warehouses of Seller's Suppliers, to conduct audits with respect to (i) the products and materials being purchased under this Purchase Order and all Supplier Contracts, and (ii) a review of delivery, quality programs, and stock levels of both dedicated and standard inventory items. Upon the request of Buyer, Seller shall retain, and shall arrange for having the Suppliers retain for a period specified by the Buyer from the date of this Purchase Order, all books, records, and other documentation relating to work done and products or materials supplied in connection with this Purchase Order and shall make, and arrange to have the Suppliers make, all such books, records, and documentation available for examination and copying by the Inspecting Persons. Seller shall (i) make all products covered by this Purchase Order with batch and lot numbers, and (ii) cause each Supplier to make all products supplied to Seller with batch and lot numbers, so that all such products may be traced and identified in the event of quality problems.

8. Warranties. In addition to all express warranties made by Seller to Buyer and all warranties implied by fact or law, Seller warrants as follows: that all Articles shall be merchantable, free from defect, new and the best of their respective kinds (unless otherwise specified) and of the highest quality, workmanship and material. Seller further warrants that: (1) the title conveyed in each and every sale shall be good and that its transfer is rightful; (2) each and every Article sold shall be delivered free from any security interest or other lien, charge,

claim or encumbrance; (3) each and every Article sold shall be delivered free of the rightful claim of any third person by way of infringement of copyright, patent or trademark, (4) each and every Article sold shall be fit for the ordinary purposes for which products of that description are used, (5) each and every Article sold shall be adequately contained, packaged, and labeled, and conform to the promises and affirmations of fact made on the container and label, if any; and (6) each and every Article sold shall be fit for any particular purpose for which the Articles are required. Seller hereby provides any and all express and implied warranties that may arise from course of dealing or usage of trade. Furthermore, all Articles shall conform exactly to (i) samples, models, drawings and specifications which Buyer has provided to Seller and (ii) samples, models, drawings and specifications which Seller has provided to Buyer and which Buyer has approved. In addition, any and all express and implied warranties provided to Buyer hereunder extend to any person who may reasonably be expected to use, consume, or be affected by the Articles. In addition to all other remedies, failure of any Article to meet such standards may require immediate correction or replacement of such Article at Seller's sole expense, including transportation and insurance costs to and from Seller. If Seller fails or refuses to make any correction and/or replacement as so required, Buyer may: (a) pursue all remedies provided under this Purchase Order, at law and in equity; and/or (b) reprocure any or all Articles or parts thereof and/or procure correction thereof, and Seller shall be liable for all costs of such reprocessing and/or correction, and/or (c) retain any of Article or parts thereof at a reduction in price equivalent to the decreased value thereof, as solely determined by Buyer. Buyer in no way guarantees any quantities to Seller, has no responsibility for inventories maintained by Seller and is not liable for any losses or costs resulting from obsolescence or restocking of unused or returned Articles.

9. Indemnification and Insurance. Seller shall indemnify, defend and hold harmless Buyer, Buyer's officers, directors, owners, employees and agents from and against any and all claims, suits, actions, damages, costs, liabilities, expenses and losses, including, without limitation, all attorney's fees, court costs, all other costs of investigation and litigation and reasonable lost profits, (collectively, referred to as "Losses") resulting directly or indirectly: (a) from any breach of any warranty, whether expressed or implied, including, without limitation, death or injuries to persons and/or property damage caused by defective materials or workmanship; (b) from infringement of U.S. or non-U.S. patents, copyrights or trademarks resulting from the use, possession or ownership of any Articles by Buyer; (c) from dilution of U.S. or non-U.S. trademarks resulting from the use, possession or ownership of any Article by Buyer; (d) from misappropriation of trade secrets; (e) from breach of confidential relationship; and (f) due to death or injuries to persons and/or property damage resulting directly or indirectly, from the acts or omissions of Seller, its employees, agents or contractors in the performance of this Purchase Order, whether or not negligent or amounting to a breach hereof. Seller shall defend any suit or threatened suit whose claims are within the scope hereof whether or not groundless. Seller agrees to obtain and maintain at its expense a policy or policies of general liability insurance (which shall include, without limitation, products liability coverage), with Seller's endorsement naming Buyer as a named insured in the amount of \$1,000,000.00 and in such companies and containing such other provisions which shall be satisfactory to Buyer, covering Articles sold to Buyer hereunder. All such policies shall provide that the coverage thereunder shall not be terminated without at least thirty (30) business days' prior written notice to Buyer. In the event an injunction is obtained against use of the Articles, and in addition to any other remedies available to Buyer, Seller shall have the obligation to do any of the following, at no cost to Buyer: procure for Buyer the right to continue using such Articles; or replace the same with

equivalent or better non-infringing goods; or modify the Articles, so that they become non-infringing, provided they perform in an equivalent or better manner.

10. Work Performed on Premises of Buyer or Buyer's Customers. If this Purchase Order includes any work or services to be performed by Seller on the premises of Buyer and/or Buyer's customer(s), Seller shall perform those services as an independent contractor, with sole responsibility for all persons employed in connection therewith, including without limitation, exclusive liability for the payment of all U.S. and foreign, Federal, state and local unemployment and disability insurance and all social security and/or other taxes and contributions payable in respect of such persons, from and against which Losses Seller agrees to indemnify, defend, exonerate and hold harmless Buyer. In performing said services, Seller shall give its best personal attention to such work and/or services, and perform same with the utmost skill and expeditiousness, comply with all applicable laws, maintain such insurance against such risks (including, without limitation, comprehensive general liability insurance, property damage insurance, comprehensive automobile liability insurance providing coverage for bodily injury and property damage, statutory workers' compensation insurance and employers' general liability insurance) in such amounts, on such terms and conditions, and with such carriers, as Buyer in its sole judgment shall deem advisable, said insurance to name Buyer as a named insured if requested by Buyer. Each such policy shall provide that the insurer waives all rights of subrogation against Buyer and its employees for any claim which may arise by reason of any payment under such policy. Seller shall provide thirty (30) business days' written notice to Buyer prior to cancellation of or reduction of any kind in any such insurance. Prior to the start of any work or services or payment in connection with this Purchase Order, and in form and substance satisfactory to Buyer, Seller shall deliver to Buyer upon Buyer's request evidence of such insurance and a surety bond indemnifying Buyer against any claims in connection with performance or non-performance of this Purchase Order and furnish to Buyer, on Buyer's request, a waiver of liens and/or release of liens in form and substance satisfactory to Buyer. Before any payment under this Purchase Order shall be come due, Buyer, at its option, may require Seller to furnish satisfactory evidence of the payment of all accounts for labor and materials pertaining to this Purchase Order. Seller shall maintain adequate safety precautions and on completion shall leave the site "broom clean". All warranties and remedies (including, without limitation, all indemnities) for the breach thereof contained herein shall apply to all work and/or services provided under this paragraph, whether or not such work and/or services are covered by the applicable Uniform Commercial Code.

11. Default. Each of the following shall, at Buyer's option, be an event of default hereof: (a) Seller fails to make delivery of the exact quantity of Articles or fails to perform the exact work or services at the exact time specified hereon; (b) Seller breaches or fails to perform (whether material or not) any of the warranties or other terms or conditions of this Purchase Order; or (c) Buyer reasonably deems itself insecure. On default by Seller, Buyer, in addition to all other remedies given at law and in equity, may at no cost or liability cancel its obligations under all or any part hereof and (whether or not Buyer cancels) may require Seller to indemnify, defend and hold harmless Buyer from all Losses, including, without limitation, all direct, indirect, special, incidental and consequential damages, costs of reprocurerment of Articles (including transportation and insurance charges) and all attorney's fees and expenses and court costs, arising directly or indirectly from Seller's default. Seller shall continue performance of any part hereof which is not cancelled.

12. Force Majeure. Buyer may at any time suspend performance (including, without limitation, acceptance of Articles) and payment for a reasonable time, or terminate all or a portion of this Purchase Order because of a force majeure, including, without limitation, war, acts of God or the public enemy, fire, explosion, labor disputes, strikes, riot, flood, epidemics, quarantine restrictions, freight embargoes, severe weather, interruptions of Buyer's operations, governmental action, or any other event or condition of like or different character beyond buyer's reasonable control. Buyer shall not be subject to any liability direct, indirect, special, incidental or consequential, to Seller because of the foregoing. Seller shall continue performance of any portion hereof which is not so suspended or terminated and such suspension or termination shall not in any way curtail Buyer's rights to pursue any remedies for Seller's default.
13. Changes. Buyer may at any time by written order make changes in this Purchase Order. If, within five (5) business days of the receipt of any such order, Seller shall not deliver to Buyer a written statement showing the effect of any such change (not to include delay costs), all Seller's claims for equitable adjustment occasioned by such change shall be waived. Seller shall not put any such change into effect until such equitable adjustment shall be made by it in writing and approved by Buyer or (if sooner) when Seller's claims for adjustment have been waived.
14. Special Tooling. All special tooling (including, without limitation, all designs, tools, jigs, dies, molds, fixtures, templates, patterns and drawings) furnished to the Seller by the Buyer, or specifically paid for in full or in part by the Buyer, for use in the performance of this Purchase Order shall be and remain the property of the Buyer, shall be subject to removal upon the Buyer's instruction and shall be used only in filling Buyer's orders. All of such special tooling shall be held at the Seller's risk, and unless Buyer has notified Seller to the contrary, shall be kept in first-class condition, shall be replaced by Seller when necessary at Seller's sole cost and shall be kept insured by the Seller at the Seller's expense while in its custody in an amount equal to the replacement cost thereof, with loss payable to the Buyer. Copies of policies or certificates of such insurance shall be furnished to Buyer on demand.
15. Government Contracts. If this Purchase Order is for material to be used by Buyer in performance of a federal government contract, Seller shall comply with all laws and regulations applicable to it as a subcontractor or supplier under a federal government contract. If requested, Buyer will provide Seller with copies of the applicable government requirements.
16. Equal Opportunity Clause. Unless this Purchase Order is otherwise exempt, Seller shall comply with the provisions of Executive Order 11246 and FAR 52.222-26 (Equal Opportunity); Executive Order 11701 and FAR 52.222-35 (Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era); Executive Order 11758 and FAR 52.222-36 (Affirmative Action for Workers with Disabilities); and Executive Order 13201.
17. Miscellaneous. Buyer's purchase order number must appear on all invoices, correspondence, packages and bills of lading. Seller will mail bills of lading and shipping notice directly to destination on the day of shipment. Seller shall provide to Buyer, prior to the delivery of any Articles, appropriate Material Safety Data Sheets and/or Hazardous Material Data Sheets where applicable. Seller's obligations hereunder shall be severable or divisible, notwithstanding the acceptance of, or payment for partial delivery or any authorization for installment deliveries. No delay in exercising or failure to exercise, any right or remedy by Buyer under this Purchase Order shall constitute a waiver of such right or remedy or of any other right or remedy (including



## PURCHASE TERMS AND CONDITIONS

without limitation, Buyer's rights of cancellation). If any term of this Purchase Order shall be unenforceable, the remainder shall continue in full force and effect if not terminated by Buyer. All rights and remedies of Buyer hereunder shall be cumulative and not exclusive. Buyer shall not be liable to Seller for indirect, incidental, special or consequential damages of any sort in any conflict between the printed, typed, written and/or stamped provisions of this Purchase Order. Buyer shall have the right to make changes to this Purchase Order. Such changes shall include but not be limited to changes in Buyer's drawings and specifications upon which the Purchase Order is based. Should any changes affect any prices contained herein or delivery time, Seller shall, before proceeding, notify Buyer of price changes and receive Buyer's agreement thereto. No modification, amendment, rescission, discharge, abandonment or waiver of this Purchase Order in whole or part (collectively, referred to as "Changes") shall be binding on Buyer unless signed by an authorized representative of buyer. Any Changes not so authorized shall not be paid. Any notice to Buyer shall be given by certified mail, return receipt requested to Buyer at Buyer's address set forth above, or such other address or party as Buyer shall designate. This Purchase Order shall be governed by the laws of the **State of Pennsylvania, USA** and constitutes the entire understanding of the parties. No prior course of dealing between the parties and no usage of the trade shall be relevant to supplement or construe against Buyer any of the terms hereof. Seller consents to the exclusive jurisdiction of **the Court of Common Pleas in Lehigh County, Pennsylvania, USA and/or the United States District Court for the Eastern District of Pennsylvania, USA** in any and all actions and proceedings arising hereunder and irrevocably agrees to service of process by certified mail, return receipt requested, at Seller's principal place of business. Seller waives the right to a jury trial. Seller may not assign, subcontract, or delegate all or any part of this Purchase Order without the express prior written approval of Buyer. All works shall be construed to be of such number and gender as the circumstances require. No action may be brought by Seller after one (1) year of the date of accrual. Time is of the essence. Buyer shall be entitled at any time to set off any sums owing by Seller to Buyer against sums payable by Buyer or Buyer's affiliates to Seller.