

CLARION SINTERED METALS, INC.

PURCHASE ORDER TERMS AND CONDITIONS

The following terms and conditions shall apply to the transaction described in the accompanying purchase order between CLARION SINTERED METALS, INC. ("Buyer") and the entity shown as the Vendor thereon ("Seller"). Whenever a term defined by the Pennsylvania Uniform Commercial Code ("UCC") is used herein, the definition contained in the UCC shall control.

1. **ACCEPTANCE:** This Purchase Order shall constitute no more than Buyer's offer to purchase goods from Seller in accordance with these terms and conditions and any additional terms and conditions expressly set forth or incorporated by express reference on the Purchase Order (hereinafter collectively referred to as the "Terms and Conditions"), which when accepted by Seller shall constitute a binding contract between the parties. Acceptance of this Purchase Order is expressly limited to the Terms and Conditions herein, and any terms and conditions proposed by Seller in Seller's quotation, invitation, acceptance, acknowledgment, invoice, transmittal or any other document which are different from, conflict with or add to the Terms and Conditions shall be deemed to materially alter the Terms and Conditions and are hereby objected to and rejected by Buyer. Acceptance of this Purchase Order, including acceptance of the Terms and Conditions herein, shall occur upon the happening of any of the following events: (i) receipt by Buyer of the acknowledgment copy of this Purchase Order signed by Seller without alteration thereto, or (ii) receipt by Buyer of notification from Seller that Seller has commenced performance hereunder or that Seller intends to deliver or ship the goods to Buyer.
2. **PRICES:** Unless as otherwise provided on the face of this Purchase Order, THE PRICES APPEARING HEREIN INCLUDE ALL PACKAGING, CRATING AND FEDERAL, STATE AND LOCAL TAXES, IF APPLICABLE, AND ARE FIRM FOR THE DELIVERY PERIOD SHOWN.
3. **INVOICES:** Individual invoices must be issued for each shipment applying against this Purchase Order. Taxes (if any), freight and other charges must be shown if Seller's discount is not allowed on the full amount of the invoice. Discount privileges will apply from the date of receipt of goods hereunder or the date of receipt of the invoice, whichever date is later. Invoices shall be payable within thirty (30) calendar days after receipt, inspection and acceptance of goods by Buyer unless a later payment date is provided for in the Purchase Order or in Seller's invoice, in which case the later date shall control.
4. **CHANGES:** No change shall be undertaken except upon written authorization of Buyer. Buyer may at any time by written notice, make changes within the general scope of this Purchase Order in the specifications, designs, drawings, packaging, methods of shipment, quantities, place of delivery or delivery schedules. If any such change causes an increase or decrease in the costs of or the time required for Seller's performance, an equitable adjustment shall be made in the price or delivery schedule, or both, provided a written request for such an adjustment shall be made to Buyer within ten (10) business days from the date of Seller's receipt of the written notice making the change, and this Purchase Order shall be modified accordingly by written Change Order. Nothing contained herein shall relieve the Seller from proceeding without delay to perform this Purchase Order, as changed.
5. **FORCE MAJEURE:** Buyer shall have the right to suspend shipments from Seller hereunder without penalty or liability to Buyer in the event of war, riot, flood, acts of God, fire, court order, strike, work stoppage, act of governmental authority, or other causes beyond Buyer's control. Buyer shall not be liable to Seller for its failure to accept delivery of goods purchased hereunder, provided such failure arises from such above-mentioned causes.
6. **DELIVERY: THE TIME OF DELIVERY IS OF THE ESSENCE. IF A TENDER OF CONFORMING GOODS IS NOT MADE BY THE SCHEDULED DELIVERY DATE, SELLER SHALL HAVE NO RIGHT TO MAKE A LATER CONFORMING TENDER.** Seller shall not, without Buyer's prior written consent, manufacture or procure materials in advance of Seller's reasonable flow time. Seller shall promptly notify Buyer in writing of any anticipated delay in the scheduled delivery date, and Buyer reserves the right, in order to maintain the scheduled delivery date, to require Seller to expedite delivery either by performing fabrication or erection on an accelerated, premium time basis or by shipping via a speedier, alternate transport means. Additional costs attributable to such expedited delivery shall be paid by Seller. Seller shall be liable for all resulting damages to Buyer and any customers of Buyer occasioned by delay in delivery. Delivery shall not be deemed to be complete until the goods have been actually received and accepted by Buyer. Seller shall bear the risk of loss to the goods purchased hereunder until received and accepted by Buyer. Advance and excess shipments may at Buyer's option be rejected and returned to Seller at Seller's expense.
7. If this order requires Seller to perform any services upon property owned or controlled by Buyer, Seller agrees: (a) **RELEASE OF LIENS:** to furnish to Buyer, as a condition precedent to final payment, a complete release of all liens together with a certificate by Seller that the release contains the signatures of all those who performed services of furnished materials under this order; (b) **HOLD HARMLESS:** to indemnify Buyer and save it harmless against all liability, claims, loss, damage and expense, including reasonable attorney fees, on account of personal injury (including death) or damage to property arising out of or in any way connected with the performance of this order whether or not the negligence of Buyer was a contributing cause of such personal injury or damage; (c) **INSURANCE:** (1) to provide, at its sole expense, Workmen's Compensation and Employer's Liability Insurance protection for all of its employees engaged in the

performance of this contract; and (2) to procure and maintain in force at all times during the performance of this order (a) bodily injury, property damage, contractual bodily injury and contractors property damage insurance coverage, each having coverage of \$500,000 each personal and \$1,000,000 each occurrence; and (b) automobile liability insurance coverage having minimum amounts of \$250,000/\$500,000 per accident for bodily injury, and \$100,000 per accident for property damage, unless higher amounts are specified by the Buyer. Certificates evidencing such insurance coverages shall be submitted to Buyer prior to the commencement of the work hereunder.

8. **INSPECTION:** Buyer shall have the right to inspect goods delivered prior to acceptance, notwithstanding the fact that full or partial payment for the goods has been made prior to delivery, that the goods have been inspected at Seller's place of business, or that the condition of the goods has been otherwise certified to Buyer. Such inspection may include any measurement, testing or examination which leaves possible the return of the goods to Seller in substantially the condition in which they were delivered to Buyer. Buyer may reject or revoke its acceptance of any goods which do not strictly conform with Seller's obligations under the Terms and Conditions, and in such event, Buyer shall be entitled to exercise all or any of the remedies set forth in paragraph 13. Buyer's inspection, discovery of any breach of warranty, failure to make an inspection or failure to discover any breach of warranty shall not constitute a waiver of any of Buyer's rights or remedies whatsoever.
9. **WARRANTIES:** Seller expressly warrants that all goods purchased and delivered hereunder: (a) shall strictly conform in all respects with Buyer's descriptions and specifications incorporated herein; (b) shall strictly conform in all respects to any samples, drawings, specifications or other written documents presented to Buyer in connection with the sale of such goods to Buyer; (c) shall be merchantable, of new and best material and fit for the purpose for which such goods are intended, shall be free from all defects, including latent defects, in workmanship and material and design; and (d) shall strictly comply, at the time of delivery, with the U.S. Occupational Safety and Health Act of 1970, as amended, all rules, regulations and orders thereunder, and any successor provisions thereto.

In addition to the foregoing express warranties, the goods purchased hereunder shall be subject to all warranties arising by operation of law. These warranties shall survive inspection, delivery, acceptance and payment, shall run to Buyer, its officers, agents, employees, successors, assigns, customers and users of the goods and shall not be deemed to be exclusive.
10. **COMPLIANCE WITH LAW:** The goods which are the subject of this Purchase Order have been or will be manufactured and sold in strict compliance with all applicable Federal, state and local laws, rules, regulations and orders. Further, such goods were or will be produced in compliance with all provisions of Executive Order 11246 and Sections 6, 7, 12 and 14 of the Fair Labor Standards Act of 1938, as amended, all rules, regulations and orders thereunder, and any successor provisions thereto. Seller hereby agrees to indemnify, defend and hold Buyer harmless for any and all costs incurred by Buyer, directly or indirectly, including without limitation, reasonable attorneys' and other professional fees, by any failure of the Seller to comply fully with the requirements of any applicable law, rule, regulation or order.
11. **TERMINATION FOR CONVENIENCE:** Buyer shall have the right to terminate this Purchase Order for convenience, in whole or in part, at any time, upon delivery of written notice thereof to Seller. Upon receipt of such notice, Seller shall immediately stop its performance and cancel all of its cancellable commitments pertaining to the terminated work and do only such work as is necessary to preserve and protect then existing work in progress. In the event of such termination, Buyer's sole liability shall be limited to payment for (a) the Purchase Order price for goods previously completed and delivered in accordance with this Purchase Order and not previously paid for, plus (b) Seller's costs incurred prior to the date of termination for work in progress pertaining to the Purchase Order and for all inventory acquired or ordered in good faith for the purpose of fulfilling this Purchase Order which Seller is unable to cancel or return, plus (c) Seller's reasonable direct costs of cancelling the aforementioned cancellable commitments and preserving and protecting the work in progress, plus (d) a reasonable profit on amounts paid under items (b) and (c). With Buyer's written consent, Seller may sell or retain at an agreed price any work in progress or inventory, the payment for which by Buyer is provided for in item (b) above, and Seller shall credit Buyer the amount so agreed or received. Any such work in progress or inventory not so retained or sold shall be transferred and delivered by Seller in accordance with Buyer's instructions. Appropriate adjustment will be made for delivery costs or savings incurred by Seller. In no event shall Buyer be liable to Seller hereunder for loss of any anticipated profits on any portion of Seller's terminated work or for any indirect or overhead expenses of Seller not directly attributable to work actually performed or material or equipment actually ordered with respect to this Purchase Order as of the date of Seller's receipt of notice of termination hereunder, including without limitation, unabsorbed fabrication shop overhead. Seller's cancellation charges shall be subject to Buyer's audit.
12. **CANCELLATION:** Buyer may, by written notice to Seller, cancel this Purchase Order, or any part of it, upon the occurrence of any of the following events ("Events of Default"): (a) Seller fails fully to perform any of its obligations under the Terms and Conditions, including without limitation, the timeliness of delivery, the conformity of goods delivered or conformity with any express or implied warranty hereunder; (b) The commencement of an involuntary case or the filing of a petition against Seller (i) seeking reorganization, arrangement, adjustment or composition of or in respect of Seller under the Federal Bankruptcy Code as now or hereafter

constituted, or under any other applicable Federal or state bankruptcy, insolvency, reorganization or other similar law, (ii) seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of Seller for any part of its property, or (iii) seeking the winding up or liquidation of its affairs, and such involuntary case or petition is not dismissed within thirty calendar days after the filing thereof; (c) The commencement by Seller of a voluntary case or the institution by Seller of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, under the Federal Bankruptcy Code as now or hereafter constituted, or any other applicable Federal or state bankruptcy or insolvency or other similar law; (d) The consent by Seller to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of Seller for any substantial part of its property; (e) The making by Seller of any assignment for the benefit of creditors; (f) The admission by Seller in writing of its inability to pay its debts generally as they become due or the failure of Seller to generally pay its debts as such become due; (g) The talking of any corporate action by Seller or its shareholder or Board of Directors or any committee thereof in furtherance of any of the foregoing; or (h) Buyer in its reasonable opinion believes that Seller's ability to perform this Purchase Order is in danger or impaired.

In the event of such cancellation, Buyer shall have the rights and remedies set forth in Paragraph 13, below, and Buyer's sole liability to Seller shall be for conforming goods completed and delivered to Buyer in accordance with this Purchase Order. Any such cancellation will be without liability to Buyer except for completed items delivered and accepted by Buyer, payment for which can be set off against damages to Buyer. Whenever Buyer has the right to demand of Seller adequate assurance of due performance, Buyer shall be sole judge of the adequacy of assurance given by Seller.

13. **RIGHTS AND REMEDIES:** If an Event of Default occurs, Buyer shall, in addition to the right of cancellation, be entitled to all remedies for a breach of contract set forth in the UCC and all other remedies available at law or in equity. Additional, Buyer may, at its option: (a) Refuse to accept delivery of the goods; (b) Refuse to accept a subsequent tender of substitute, conforming goods; (c) Return nonconforming or late delivered goods to Seller at Seller's expense and, at Buyer's option, either recover all payments made therefor and expenses incident thereto, or at Seller's expense, receive replacement therefor; (d) Recover any advance payments from Seller for undelivered goods; (e) Rework the goods to make the goods conform to the warranties and charge Seller for the expense thereof; (f) Use the goods for a purpose other than the purpose originally intended and charge Seller for the amount by which the purchase price exceeds the price of goods normally required for such alternative purposes; (g) Have Seller repair or replace defective goods at Seller's expense; or (h) If defective goods are repaired or replaced by Buyer or Seller, charge Seller for all costs and expenses of repairing or restoring non-defective work or goods disturbed as a consequence of repairing or replacing defective goods.

Buyer shall be entitled to exercise any or all of the remedies specified above or each of such remedies in part, provided, however, that Buyer shall not be permitted to recover more than once for any part of a performance called for by these Terms and Conditions. **NONE OF THE REMEDIES AVAILABLE TO BUYER HEREUNDER MAY BE LIMITED EXCEPT TO THE EXTENT AND IN THE MANNER AGREED UPON BY BUYER IN A SEPARATE AGREEMENT SPECIFICALLY DESIGNATING SUCH LIMITATION AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF BUYER.** Buyer shall be entitled to recover costs and attorney fees in the enforcement or defense of any rights hereunder.

14. **INDEMNIFICATION:** Seller assumes the entire responsibility and liability for, and agrees to indemnify, defend and hold harmless Buyer, its officers, agents, employees, successors, assigns, customers and users of the goods purchased hereunder, from and against any and all losses, expenses (including without limitation, reasonable attorneys' and other professional fees), costs, damages (including consequential and incidental damages), demands, liabilities, suits and claims in connection with or arising out of any actual or alleged personal injury (including death) or damage or destruction to property (including loss of use) by whomsoever suffered, sustained or alleged to have been sustained by reason of (a) any act, error, omission or misrepresentation, whether negligent or not, of Seller or its agents, employees, suppliers, subcontractors and consultants, provided that such injury, death, damage or destruction is not occasioned by the sole negligence of Buyer or its agents, employees and subcontractors, or (b) any defect, whether latent or patent, in any product of Seller which was sold to Buyer hereunder, or (c) any failure of the goods sold to Buyer hereunder to comply with any warranty of Seller. Seller shall maintain public liability insurance (including products/completed operations, vendors' liability and contractual liability coverage), automobile liability insurance and employer's liability insurance with respective minimum limits of liability of \$1,000,000 per occurrence and workers' compensation insurance in accordance with statutory requirements. Seller agrees to submit certificates of insurance evidencing such insurance coverages when requested by Buyer. Such insurance coverages shall not be changed without thirty (30) days advance written notification to Buyer from the carrier(s).
15. **PATENTS, TRADEMARKS AND COPYRIGHTS:** Seller represents and warrants that all merchandise furnished hereunder will not infringe upon any United States or foreign patent, trademark or copyright. Seller shall, at its own expense, defend any suit or proceeding brought against the Buyer, its officers, agents, employees,

successors, assigns, customers and users of the goods purchased hereunder, based on a claim that any of the goods purchased hereunder, or any part thereof, or any use thereof in the reasonable contemplation of the parties at the time of their purchase, constitutes an infringement of any patent, trademark or copyright, and the Seller shall pay all damages and costs awarded therein against all such defendants. If the goods purchased hereunder or any part thereof or any use thereof in reasonable contemplation of the parties at the time of their purchase is held in such suit to constitute an infringement and use is enjoined, Seller shall promptly and at its own expense (a) procure for the Buyer the right to continue use of the goods purchased hereunder, or (b) replace the same with noninfringing goods satisfactory to Buyer, or (c) modify such goods in a way satisfactory to Buyer and its counsel so they become noninfringing.

16. **PROPRIETARY INFORMATION:** Seller agrees that all information contained in the drawings, blueprints, specifications and other documents submitted by Buyer to Seller hereunder is exclusively proprietary to Buyer and shall be returned to Buyer upon completion, expiration or termination of this Purchase Order. Seller shall keep all such information strictly confidential. Seller shall not, without Buyer's prior written consent, use such information in whole or in part for its own benefit or to Buyer's detriment or disclose such information in whole or in part to any other person.
17. **PROPERTY OF BUYER:** Unless as otherwise provided in this Purchase Order or agreed to in writing, property of every description including but not limited to all tooling, tools, equipment and material furnished or made available to Seller, title to which is in Buyer, and any replacement thereof shall be and remain the property of Buyer. Seller shall not modify Buyer's property without the written consent of Buyer. Seller shall not use such property except for performance of work hereunder or as authorized in writing by Buyer. Such property while in Seller's possession or control shall be kept in good condition, shall be held at Seller's risk, and shall be kept insured by Seller, at its expense, in an amount equal to the replacement cost with loss payable to Buyer. To the extent such property is not consumed in the performance of this Purchase Order, it shall be subject to inspection and removed by Buyer and Buyer shall have the right of entry for such purposes without any additional liability whatsoever to Seller as and what directed by Buyer. Seller shall disclose the location of such property, prepare it for shipment, and ship it to Buyer in as good condition as originally received by Seller, reasonable wear and tear excepted.
18. **NEW MATERIAL:** Seller warrants that none of the items furnished under this Purchase Order are surplus, used, remanufactured or reconditioned or of such age or so deteriorated as to impair the usefulness or safety thereof, unless as otherwise specified on the face of this Purchase Order.
19. **DESIGN IMPROVEMENTS; INVENTIONS:** If this order has as one of its purposes, design, experimental, development or research work, Seller agrees to communicate promptly to Buyer full details of any design, invention (whether or not patentable) or other intellectual property right conceived or first reduced to practice by Seller or any of its employees in connection with the performance of this order. Upon Buyer's request, Seller shall assign to Buyer all right, title and interest of Seller or its employees in each such design, invention or other intellectual property right, and perform all acts (at Buyer's expense) and execute all papers which are necessary to vest in Buyer full right, title and interest therein.
20. **REVIEW OF SELLER'S DRAWINGS, DATA AND WORK:** Review by Buyer of any drawings, data or work provided by Seller shall be only for purposes of ascertaining general conformity with Buyer's specifications and for confirmation of physical interface of the goods shown with related work or systems. The review by Buyer of any drawings, data and work does not include review of the efficiency, adequacy or safety of Seller's methods of construction or the means adopted by Seller to perform its work, nor does it include a review of any detail, design or specification prepared by Seller for use in the fabrication of the goods purchased hereunder. Buyer's review of or comments upon any drawings, data or work of Seller shall not relieve Seller from the entire responsibility for the correctness and adequacy of Seller's engineering, design, workmanship, material and all other services or for any other obligation of Seller. Any information furnished by Seller to Buyer in connection with the purchase of goods hereunder shall not be deemed to be confidential information and shall be acquired free from any restriction as part of the consideration for this Purchase Order.
21. **PACKING/PACKAGING:** Seller shall mark, pack and ship all supplies in accordance with the requirements of the order, any supplemental instructions of Buyer, and otherwise in compliance with transportation regulations and good commercial practice for protection and shipment, and shall secure the most advantageous transportation service and rates therewith. A master packing sheet in duplicate shall accompany each shipment. Seller shall submit an invoice for each shipment against this order which shall show the goods being shipped, invoices shall be submitted in triplicate to Buyer's accounts payable departments, bills of lading, express receipts, or other evidence of shipment shall be mailed to Buyer on date of shipment.
22. **TAXES:** The prices for the goods sold hereunder include all Federal, state and local taxes imposed upon or on account of such sale, unless otherwise indicated herein. Seller shall accept all tax exemption certificates provided by Buyer.
23. **EXPORT CONTROL:** Seller shall notify Buyer in the event the products or information covered by this Purchase Order are subject to export regulations of the U.S. Government. Seller shall comply with all laws related to exportation of the products or information to be delivered hereunder.
24. **SOFTWARE LICENSE:** In the event that any software or software documentation is provided to Buyer by Seller in any form whatsoever under a Purchase Order and no software license agreement governing the sale has been signed between Buyer and Seller, Buyer and Seller agree to accept the terms and conditions stated below

effective the date of the first deliver hereunder. Subject to the terms and conditions herein, the Seller grants to Buyer a nonexclusive, transferable license to use the software or software documentation in connection with the products and/or services being provided pursuant to this Purchase Order. Buyer may make a reasonable number of backup copies of such software and software documentation for evaluation, installation, and maintenance of Seller's products by Buyer.

25. **ASSIGNMENT:** Seller shall not assign, delegate or subcontract any of its rights or obligations hereunder without the prior written approval of Buyer. Any such assignment, delegation or subcontracting without Buyer's prior written consent shall be void.
26. **LIENS:** If the goods purchased hereunder are subsequently incorporated into an improvement of real property, Seller agrees that it shall not file or maintain a mechanic's or materialman's lien against such real property, and Seller expressly waives its right to file a mechanic's or materialman's lien against such real property. If requested by Buyer, Seller shall execute and deliver to Buyer a release of lien at the time of final payment.
27. **NOTICES:** All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given, made and received when personally delivered against or upon actual receipt by registered or certified mail, postage and fees prepaid, return receipt requested, to the respective addresses of the parties listed on the Purchase Order. Any party may alter the address to which communications or copies are sent by giving notice of such change of address in conformity with the provisions of this paragraph.
28. **MODIFICATION:** No modification of this Purchase Order shall be effective unless accepted in a written Change Order signed by an authorized representative of Buyer.
29. **SET OFF:** Buyer may set off any amount due from Seller to Buyer, whether or not under this Purchase Order, from any amounts due to Seller under this order.
30. **MISCELLANEOUS:** Seller shall be bound by any representation or undertaking made by any of its agents or employees with respect to the specifications, quality, packaging, price or conditions of delivery of the goods. By accepting this Purchase Order, Seller ratifies any such representation or undertaking made by any of its agents or employees. In the event that any provision of this Purchase Order is declared invalid by any tribunal or law, the remainder of the provisions shall not be affected thereby, and each term and provision not declared invalid or unenforceable shall be valid and shall be enforced to the fullest extent permitted by law. This Purchase Order and the Terms and Conditions shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Purchase Order and the Terms and Conditions and all questions relating to their validity, interpretation, performance, and enforcement shall be construed in accordance with, and shall be governed by, the substantive laws of the Commonwealth of Pennsylvania without regard to its principles of conflicts of law. The parties hereby consent to the exclusive personal jurisdiction and venue of the United States District Court for the Western District of Pennsylvania, Erie Division unless subject matter jurisdiction is not satisfied, in which case each party hereby submits to the exclusive personal jurisdiction and venue of the Court of Common Pleas of Erie County, Pennsylvania. Buyer and Seller expressly exclude the application of the United Nations Convention on Contracts for the International Sales of Goods, as amended. No claim or right arising out of a breach of the Terms and Conditions by Seller may be discharged in whole or in part by a waiver of the claim or right, unless the waiver is in writing signed by an authorized representative of Buyer. Buyer's waiver or acceptance of any breach by Seller of any provisions of the Terms and Conditions shall not constitute a waiver of or an excuse for nonperformance as to any other provision of the Terms and Conditions nor as to any prior or subsequent breach of the same provision. In the event of any conflict among the provisions of this Purchase Order, the following order of precedence shall apply in interpreting this Purchase Order: (i) the text of the Purchase Order; (ii) any special or supplemental terms and conditions incorporated by reference in the Purchase Order; and (iii) these standard purchase order terms and conditions.
31. **ENTIRE AGREEMENT:** When accepted, the Terms and Conditions will constitute the complete and exclusive statement of the terms of the contract between the parties hereto, are intended as a final expression of the terms of such contract and will supersede all prior and contemporaneous agreements, inducements or conditions, express or implied, oral or written. No course of prior dealings between the parties and no usage of trade shall be relevant to supplement or explain any term herein. Buyer's acceptance or acquiescence in a course of performance rendered by Seller hereunder shall not be relevant to determine the meaning of this contract even though Buyer has knowledge of the nature of the performance and opportunity for objection.