

<i>EAST PENN manufacturing co., inc.</i>			
SYSTEM PROCEDURE MANUAL			
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Approved By: Dale Leister		Document No.: SPM-7220.DOC	

East Penn Manufacturing Co.

Terms and Conditions of Purchase

1. Acceptance of this or any other purchase order issued by East Penn Manufacturing Co. ("Purchaser") Purchaser is limited to the terms on the face and back of such purchase order and on any web site expressly incorporated into such purchase order. Additional terms on seller's quotation, invoice, acknowledgement or other form are objected to and rejected and shall be deemed a material alteration hereof.
2. Purchaser reserves the right to terminate any contract for its convenience. In such event seller shall immediately stop all work and observe any instructions from Purchaser as to work in process. Seller shall be paid an equitable adjustment for work already performed and commitments seller is unable to cancel.
3. Purchaser may also terminate any contract for cause upon breach by seller. In such event, Purchaser shall not be liable for any amounts. If a court finds that the Purchaser has improperly terminated this contract for default, such termination shall be deemed to be for Purchaser's convenience.
4. Seller warrants that all goods and services furnished hereunder shall conform to all applicable specifications, be merchantable, and free from any defects in design, workmanship or material, and that the goods and any work or services (and seller's business and operations generally) shall comply at all times with applicable laws and regulations. If seller has been informed of their use, seller also warrants that the goods furnished hereunder are appropriate and fit for such use. Seller shall extend all warranties it receives from its vendors to Purchaser, and seller's warranties shall extend to Purchaser's customers. Seller's warranties hereunder are in addition to all warranties provided under applicable law.
5. Seller warrants that the prices quoted are the lowest prices for these or similar articles sold to other customers, and Purchaser shall be entitled to the benefit of any lower price offered by seller between execution of the purchase order and delivery.
6. Purchaser may delay delivery or acceptance of the goods upon any unforeseen event. Seller shall hold the goods pending Purchaser's instructions, and Purchaser shall be liable only for the direct increased costs seller incurs by reason of those instructions.
7. Purchaser may change this order any time and seller shall accept such changes. If such changes would result in additional costs, seller may make an equitable adjustment in the purchase price, provided such additional costs are itemized for Purchaser within 15 days, and the Purchaser is given the choice to accept the price increase or forego the change.
8. Seller shall indemnify Purchaser from any intellectual property claims based on products sold by the seller hereunder. Seller shall defend any such claims at its own expense, and Purchaser shall have the right to have such litigation monitored by its own counsel.
9. Payment for any goods shall not constitute acceptance of such goods. Goods are only accepted when they have been counted, inspected and tested by Purchaser and found in conformance with the order. Purchaser's failure to inspect or test shall not relieve the seller of any responsibilities hereunder.
10. Each purchase order and any documents referred to in it constitute the entire agreement between the parties and can only be modified by a written agreement signed by Purchaser and seller. No part of the order may be assigned or subcontracted without the prior written approval of the Purchaser. Any monies due Purchaser from seller can be set off from any monies due seller from Purchaser, under the same or contract or any other. Purchaser's failure to insist on any right shall not operate as a waiver of that right or any other right. Time is of the essence of each contract.

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11. If this order includes work to be performed on Purchaser's premises seller shall observe the highest safety standards, maintain adequate insurance, and furnish evidence of such insurance at Purchaser's request.
12. If applicable, the requirements of 41 CFR §§ 60-1.4(a), 60-250.5 (a), 60-300.5(a), 60-741.5(a), and 29 CFR Part 471, Appendix A to Subpart A, are incorporated herein by reference.
13. Seller shall defend and indemnify the Purchaser and its employees, officers, directors, shareholders, agents, and customers, and their successors and assigns, from and against all claims, suits, damages, losses, and costs of any kind (including personal injury, death, property damage and attorney's fees) to the extent arising out of (a) seller's work on Purchaser's premises, (b) any breach of seller's warranties or other obligations under its contracts with Purchaser, (c) any deficiency in the instructions, packaging or labeling provided with the goods, or (d) any negligence or willful misconduct by seller or its suppliers, except to the extent the claims, losses etc., are caused by Purchaser's own negligence, willful misconduct, violation of laws or breach of Purchaser's obligations to seller under the contract. No limitations on Purchaser's remedies in seller's documents shall reduce these obligations.