



PALRAM AMERICAS GROUP

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PALRAM AMERICAS, INC.
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Kutztown, PA 19530

PALRAM 2000, INC.
9735 Commerce Circle
Kutztown, PA 19530

PALRAM PANELS, INC.
9741 Commerce Circle
Kutztown, PA 19530



STANDARD TERMS AND CONDITIONS OF PURCHASE

1. **OFFER, ACCEPTANCE, AND MODIFICATION.** This order is an offer to from PALRAM AMERICAS, INC., PALRAM 2000, INC., PALRAM PANELS, INC. or an entity controlled by one of them (the "Buyer") to purchase certain products (the "Products") and services (the "Services") from seller ("Seller") on the terms and conditions set forth in this document, any attachments hereto, and any other materials expressly referred to herein (collectively, the "Agreement"). Seller can accept this offer by indicating acceptance in writing, or by filling the order or performing the services requested by Buyer. Acceptance is limited to the terms hereof. Any additional terms or conditions proposed by Seller, or any other changes hereto, shall be deemed a material alteration, and objected to and shall not become part of the PO or Purchase Agreement unless expressly agreed to by Buyer in writing. If this purchase order is deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms of this purchase order. To the extent any terms and conditions in any purchase order issued by Buyer ("PO") or in any other agreement signed by Buyer (a "Purchase Agreement") differ, the PO or Purchase Agreement shall control

2. **PRICE.**

(a) The prices to be paid are as set forth in the PO or Purchase Agreement (the "Products and Price List"). Such prices include all charges, and no extra charges of any kind shall be allowed. All prices include applicable Federal, state, and local taxes, assessments and duties, except for those for which an exemption may be claimed by Buyer.

(b) If during the term of the PO or Purchase Agreement, Seller makes or offers to make sales of the same products or services to any third party, in similar quantities and of like quality as specified in the PO or Purchase Agreement, at prices lower than the prices then in effect under the PO or Purchase Agreement, Seller shall charge Buyer such lower prices for all Products and Services.

3. **DELIVERY SCHEDULE, RISK OF LOSS, TRANSPORTATION, AND PACKAGING.**

(a) All Products are sold to Buyer "F.O.B. Destination - Freight Prepaid." Seller shall promptly advise Buyer if Seller cannot make timely shipment. If Seller does not, or it appears that Seller will not, meet Buyer's delivery or work schedule, Buyer may, in addition to any other rights or remedies provided by law or the PO or Purchase Agreement do any of the following: (a) terminate the PO or Purchase Agreement, in whole or in part, without liability to Seller except for payment for Products already accepted or Services performed; (b) agree upon a revised delivery or work schedule; or (c) require that Seller ship via expedited routing. If Buyer

approves a revised delivery schedule or requires Seller to ship via expedited routing, any additional transportation cost incurred shall be paid by Seller.

(b) All risk of loss, and liability from damage of Products or delay in delivery, shall remain with Seller until delivery to and acceptance by Buyer. Notwithstanding the foregoing, if Buyer transports Products, the risk of loss or liability shifts to Buyer upon loading such Products into the vehicle Buyer uses for such transport. Buyer has the right to specify a carrier and the routing. Seller shall not charge extra for packing, cartage, drayage, storage or anything else. Seller shall enclose a packing slip showing the order number and quantity in each container or other receptacle. If not accompanied by a packing slip, Buyer's count and weight shall be conclusive. Time is of the essence under the PO or Purchase Agreement.

4. OVERSHIPMENTS; DELIVERIES IN ADVANCE OF SCHEDULE.

Overshipments exceeding five percent (5%) of the quantity of Products ordered by Buyer or \$25.00 in amount, whichever is less, may be accepted by Buyer upon the terms and conditions set forth herein. Products which are delivered in advance of schedule without authorization from Buyer may, at Buyer's option be handled as follows: (a) returned to Seller at Seller's sole risk and expense; (b) accepted by Buyer with payment withheld by Buyer until the date that the particular Products are actually scheduled for delivery; or (c) placed in storage, at Seller's sole risk and expense, until the delivery date specified under Buyer's delivery schedule.

5. PAYMENT TERMS AND SET-OFF. Payment for Products or Services shall be as set forth in the Products and Price List. For purposes of determining Buyer's eligibility to earn any prompt-payment discounts as specified in the Products and Price List, the period for which a discount may be earned shall be the date of delivery or accepted performance, or the receipt by Buyer of a correct invoice, whichever is later. Buyer shall be entitled to set-off any amount owing at any time from Seller, or any affiliated company of Seller, to Buyer, or any affiliated company of Buyer, against any amounts payable by Buyer in connection with the PO or Purchase Agreement. As used herein, "affiliated company" means any firm, corporation, partnership, limited partnership, joint venture, or association which controls, is controlled by, or is under common control with Seller or Buyer, and shall specifically include any division, subsidiary, and any company or firm in which Buyer or Seller own an interest.

6. NO SUBSTITUTION OF MATERIALS. Regarding Products or Services, Seller shall not change the method of production, materials, equipment, processing, or production location, nor use any subcontractor, without Buyer's express written consent.

7. WARRANTIES. Seller represents and warrants as follows: (a) that it is the sole owner of all Products, that it has the unrestricted right to convey marketable title free and clear of all liens, claims and encumbrances, and that no part of any Products will infringe any patent, copyright, trademark, trade secret or other intellectual property right of any third party; (b) that the Products and Services will conform to the PO or Purchase Agreement, to all representations made by Seller, and to any applicable description, specification, drawing or sample relating to such Products and Services; (c) that the Products shall be merchantable, in good working condition and fit for the use intended by Buyer, and all Products and Services shall be free of defects in design, material and workmanship; (d) that the Products and Services and the use thereof do not and shall not infringe the intellectual property rights or misappropriate the trade secrets of any third person; (e) that the Products shall be manufactured in accordance with

good manufacturing practices, and (f) that all Products and Services shall conform to and be furnished in accordance with all applicable Federal, state and local law, rules and regulations. Seller agrees that these warranties shall run to Buyer, its successors, assigns, and customers, and the users of the Products. These warranties shall survive any delivery, inspection, testing, acceptance or payment by Buyer under the PO or Purchase Agreement, and the termination of the PO or Purchase Agreement. Seller acknowledges that it is an expert in producing and supplying the Products and Services, and notwithstanding Buyer's acceptance of specifications, samples, test data and the Products and/or Service, Seller agrees that Buyer may rely on Seller as an expert.

8. INSPECTION, REJECTION AND RETURN OF PRODUCTS.

(a) All Products and Services are subject to Buyer's right of inspection and approval, notwithstanding prior payment therefor by Buyer. Products may be inspected at Buyer's destination or Seller's plant. Buyer reserves the right, in addition to any other rights which it may have at law, at equity or under the PO or Purchase Agreement, to reject and refuse acceptance of all or a portion of such Products or Services which are not, in Buyer's discretion, in conformity with Seller's warranties. Seller agrees that time for acceptance or rejection of Products or Services shall not expire until Buyer's uses the Products or Services. Buyer shall have the right to return to Seller all or a portion of non-conforming Products or any item embodying the Services, at Seller's sole risk, expense, for full credit or refund, or require that Seller, at its sole risk and expense, correct or replace such Products or Services with conforming products or services within such time as Buyer may require, provided, however, that such corrected or rejected Products or Services shall not be converted or replaced by Seller without written authorization from Buyer. If Seller fails to correct or replace any nonconforming Products or Services promptly after notification and authorization from Buyer, Buyer may correct or replace such Products or Services and charge Seller for the cost incurred by Buyer thereby, equitably adjust the order price for such Products or Services or set-off the cost hereunder, at the sole discretion of Buyer. Any Products or Services corrected, replaced or repaired by Seller shall be subject to the warranties and other terms of the PO or Purchase Agreement. In the event of rejection by Buyer of all or a portion of Products or Services, Buyer may charge to Seller and set-off against any payments due Seller all expense of unpacking, examining, repacking, storing and shipping any Products rejected. Payment for any Products or Services shall not be deemed acceptance thereof.

(b) Buyer's failure to inspect and accept or reject any Products or Services shall not relieve Seller from responsibility for Products which are not in conformance with the PO or Purchase Agreement nor for latent defects in any Products, whether inspected or not, nor for fraud or gross mistakes. Nothing herein shall relieve Seller from the obligation to inspect and test the Products and Services in accordance with industry standards and Buyer's reasonable requirements and specifications. Seller shall maintain inspection and test records pertaining to such Products and Services for a period of two (2) years after delivery of such Products and Services or as otherwise specified by Buyer and copies thereof shall be made available to Buyer upon advance request and without charge. Such records shall include the time the inspection and test occurred, the person who performed such inspection or tests, and all of the results therefrom.

9. TERMINATION AND REMEDIES. Buyer may terminate all or any part of the PO or Purchase Agreement at any time by written notice to Seller if any of the following occurs: (a) Seller fails to observe or comply with any covenants, terms, conditions or warranties

contained in the PO or Purchase Agreement; (b) Seller, in Buyer's opinion, fails to make progress so as to endanger performance or shipment in accordance with the PO or Purchase Agreement; or (c) in the event of any proceeding by or against Seller in bankruptcy or insolvency, the appointment of a receiver or trustee, or an assignment for the benefit of creditors is made by Seller. Upon termination, Buyer may produce or purchase or otherwise acquire the Products or Services elsewhere on such terms or in such manner as Buyer may deem appropriate, and Seller shall be liable to Buyer for any excess cost or other expenses incurred by Buyer. In addition, Buyer shall have all other rights and remedies provided by law, at equity and under the PO or Purchase Agreement, and all of Buyer's rights and remedies shall be cumulative and none shall be considered exclusive. Upon termination, Buyer's only responsibility to Seller shall be the purchase price for the following: (a) Products previously made, delivered to, inspected and accepted by Buyer in accordance with the terms of the PO or Purchase Agreement; and (b) Services performed and accepted before the date of receipt by Seller of the termination notice.

10. INFRINGEMENT OF PROPRIETARY RIGHTS. To the extent that the Products are not manufactured to detailed designs and specifications originated and furnished by Buyer, Seller represents and warrants that the sale or use of such Products will not infringe any United States or foreign patent, copyright, trademark, industrial design right or other proprietary right. Seller shall indemnify, defend and hold Buyer, its successors, assigns, shareholders, officers, directors, employees, agents, customers and those persons selling or using any of Buyer's products and any affiliated company of Buyer, its shareholders, officers, directors, employees, agents and customers (collectively the "Agents"), harmless from and against any damage, liability, claims, loss, costs, expenses and fees (including reasonable attorneys' fees)(the "Losses") which may be incurred on account of infringement or alleged infringement of any United States or foreign patent, copyright, trademark, industrial design right or other proprietary right by the Products or use of the Products. Buyer shall have the right to employ counsel separate from counsel employed by Seller in any proceeding for which Buyer may be indemnified by Seller and to participate in the defense thereof, but the expense of such counsel employed by Buyer shall be borne by Buyer unless Seller has failed to assume the defense of Buyer or employee satisfactory counsel. Seller shall reimburse Buyer on an on-going, periodic basis for all fees, costs and expenses incurred by Buyer promptly after submission of statements of expenses of Buyer during the pendency of any such proceeding. In addition to all other rights and remedies Buyer has at law, at equity or under the PO or Purchase Agreement, in the event Buyer, its customers or anyone selling or using Buyer's products are enjoined from the use, sale or other disposition of the Products, conditionally or otherwise, Seller shall, at no additional cost to Buyer, repurchase the Products at the purchase price and/or Buyer's products at their purchase price, and repay all costs of all shipments of such Products and products incurred by Buyer.

11. COMPLIANCE WITH LAWS AND EQUAL OPPORTUNITY. Seller shall comply with all applicable Federal, state and local laws, rules and regulations relating to the Products and Services, and if applicable, all such law applicable to government subcontractors, and shall furnish certificates of compliance whenever requested by Buyer. Contract clauses required by the Government in such circumstances, and all rules and regulations promulgated under the specific acts cited, are incorporated into the PO or Purchase Agreement by reference.

12. RECALL OF PRODUCTS. If Seller becomes aware that any ingredient in the Products is or may become harmful to persons or property, or that the design or construction of the Products or Services is defective in any manner which is or may become harmful to

persons or property, or if Seller otherwise breaches any of its warranties to Buyer hereunder, Seller shall immediately give notice thereof, including all relevant information with respect thereto to Buyer, and Seller shall indemnify, defend and hold Buyer and its Agents, harmless from and against any and all Losses paid or incurred by them arising out of or relating or incidental to such Products or Services, including, without limitation, any costs associated with recalling products developed, manufactured, or created by Buyer with the aid of such Products or Services. Buyer may, at its option, be represented by and actively participate through its own counsel in action against the foregoing persons and entities. Should Buyer, either voluntarily or involuntarily, initiate a recall of such Products, or if a government or agency shall take action with respect to them, Seller shall assist and cooperate with Buyer in all respects with said recall, including, but not limited to, developing a recall strategy for the Products and working with Buyer and any applicable governmental agency in monitoring Buyer's recall operating and in preparing and furnishing such reports, records or other such information as is necessary in connection therewith, and Seller agrees to pay all costs associated with such recall.

13. INDEMNIFICATION. Seller shall indemnify, defend and hold Buyer and its Agents, harmless from and against any and all Losses arising out of or relating or incidental to any breach by Seller of the terms, covenants, warranties and conditions of the PO or Purchase Agreement, or any act or failure to act by Seller or its agents, representatives or employees in the performance of the PO or Purchase Agreement, including, but not limited to:

(a) Death or injury to persons or damage to property, by whomsoever suffered, claimed to have resulted from any alleged defect in the Products or Services, or the performance by Seller of Services, or the work or performance of services by Seller's agents, representatives or employees, on the premises of Buyer or one of its customers or suppliers, or from the failure of the Products to comply with any applicable sample or specification or with the express or implied warranties given by Seller, its agents, representatives or employees.

(b) Claims arising out of the alleged violation in the manufacture, processing, storage or sale of Products, or in the performance of Services, of any Federal, state or local law, statute, ordinance or administrative order, rule, regulation or standard.

14. INSURANCE. Seller shall carry the following insurance with an insurance company or companies reasonably acceptable to Buyer, and shall furnish promptly to Buyer an insurance carrier certificate evidencing such coverage and naming Buyer as an additional insured: workman's compensation insurance (including occupational disease) with statutory limits; employer's liability insurance with limits of \$500,000, and public liability insurance with broad form endorsement (including products liability, completed operations, contractors liability and protective liability) and automobile liability insurance including non-owned automobile liability) each with limits for bodily injury of \$500,000 per person and \$1,000,000 per occurrence and for property damage of \$1,000,000. Said certificate must set forth the amount of coverage, policy, number, date of expiration, and provide that Buyer shall be given at least sixty (60) days' written notice prior to an expiration, termination, non-renewal or material change in coverage unless under any applicable laws of any state a shorter time period for notice is required, in which case such time period shall apply. If Seller is self-insured and registration with the state is required to evidence particular coverage, the certificate of the appropriate state agency of the state in which said work is to be performed must be furnished directly to Buyer by such state agency.

15. ADVERTISING, NONDISCLOSURE OF CONTENTS OF AGREEMENT.

Seller shall not, without Buyer's written consent, directly or indirectly, advertise, publicize, publish or otherwise disclose that Seller has a relationship with Buyer, or disclose any of the details connected with the PO or Purchase Agreement or the Products or Services to any third party unless required for the performance of its obligations hereunder. This section shall survive the termination of the PO or Purchase Agreement.

16. CONFIDENTIAL INFORMATION, BUYER'S PROPERTY.

(a) Drawings, data, design, inventions, samples, order requirements and any other technical information supplied by Buyer or prepared by Seller shall be the exclusive property and proprietary information of Buyer and shall be held in confidence by Seller. Such information shall not be reproduced, used or disclosed to others by Seller without Buyer's prior written consent, except as required for the performance of the PO or Purchase Agreement and except to the extent that Seller is able to establish to Buyer's satisfaction that such information (i) was known by Seller at the time of disclosure to it by Buyer, (ii) became known to Seller after such disclosure to it by Buyer through a third party as a matter of right and without restriction on disclosure, or (iii) is or has become generally known or available to the public through no act or failure to act on the part of the Seller. All such information including all reproductions shall be returned to Buyer immediately upon demand, and otherwise upon completion or performance by Seller of the PO or Purchase Agreement or its termination for any reason. The foregoing technical information shall be at all times labeled as confidential property of Buyer and treated in a confidential matter by Seller, and Seller acknowledges and agrees that disclosure of this information would harm Buyer. No reproductions thereof shall be retained by Seller except as authorized in writing by Buyer. While the foregoing is in the possession of Seller, it shall be conspicuously labeled as the property of Buyer, be kept segregated from all other property of Seller and be kept fully insured to Seller, at Seller's expense, in an amount equal to its replacement cost with a loss payable clause or endorsement in favor of Buyer.

(b) This Section shall survive the termination of the PO or Purchase Agreement.

17. FUTURE TAXES. All taxes, assessments, duties or any charge or increase not in effect on the date of the PO or Purchase Agreement which may, prior to the completion of deliveries of Products or performance of Services, be levied by any governmental agency on products, containers for Products or Services shall be the liability of Seller without recourse to Buyer.

18. CHANGES. Buyer reserves the right to make changes within the general scope of the PO or Purchase Agreement, except as to price or quantity, by any reasonable means, and if requested by Seller, such changes shall be confirmed in writing by Buyer. If any such change causes and increase or decrease in the cost of, or time required for, Seller's performance, the price therefor and/or time required for performance shall be equitably adjusted. Any claim for adjustment hereunder must be asserted in writing within thirty (30) days from the date the change is ordered. Failure on the part of either party to assert its claim within the time provided shall operate as a waiver thereof.

19. FORCE MAJEURE. Buyer reserves the right to defer any shipment under the PO or Purchase Agreement, cancel or modify the PO or Purchase Agreement or change any

performance dates if Buyer's production is delayed on account of strikes in Buyer's plant or the plants of any of Buyer's suppliers, fire, pandemic, quarantine, an act of God, labor disputes government order or regulation or other conditions beyond Buyer's control. Seller shall not be liable for delays or defaults in delivery due to fire, an act of God, governmental order or other unforeseeable causes beyond its control and without its fault or negligence (other than pandemic and quarantine restrictions), provided that Seller notifies Buyer immediately after Seller first knows of such delay.

20. GOVERNING LAW AND CONSENT TO JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of Pennsylvania and Seller consents, exclusively, to the adjudication of any dispute arising out of the PO or Purchase Agreement by any federal or state court of competent jurisdiction sitting in Pennsylvania.

21. MISCELLANEOUS. The PO or Purchase Agreement and any payment or performance due under it may not be assigned, transferred, sublet, subcontracted or delegated, in whole or in part, by Seller without the prior written consent of Buyer. Buyer may assign its rights under the PO or Purchase Agreement to any of its affiliated companies at any time and the PO or Purchase Agreement shall inure to the benefit to Buyer, its successors and assigns. No act or failure to act of Buyer shall constitute a waiver of any provision contained in the PO or Purchase Agreement and to be valid a waiver of any requirement or obligation under the PO or Purchase Agreement must be in writing and signed by Buyer. The section headings contained herein are not part of the PO or Purchase Agreement, but are included solely for the convenience of the parties. The provisions of the PO or Purchase Agreement are severable, and if any provision is held to be enforceable in the remaining provisions will continue in full force and effect. This Agreement sets forth the entire agreement of the parties with regard to the matters set forth herein and supersedes all prior agreements, understandings, and representations, whether written, oral or by action.

22. INDEPENDENT CONTRACTORS. Nothing contained in the PO or Purchase Agreement shall be construed as creating a partnership or joint venture between Buyer and Seller, and Seller shall at all times during the PO or Purchase Agreement be deemed to be an independent contractor. To the extent Seller's obligations under the PO or Purchase Agreement require the performance of Services by Seller on the premises of Buyer or any of Buyer's customers. Seller agrees that such Services are to be rendered by Seller as an independent contractor and Seller shall comply with all of Buyer's or said customer's safety rules and regulations and shall provide all safeguards and take all necessary precautions to prevent the occurrence of any injury to any person or property during the performance of such services.

23. NOTICES. Any notices, consents or approvals called for hereunder may be given by telephone, but shall be confirmed in writing to be sent by fax, overnight delivery service or certified mail, addressed to the address set forth herein. The address of either party may be changed by written notice to the other. Any notice will be deemed to have been received by a party the same date as sent if sent by fax, the next day if sent by overnight delivery service, or three (3) days from the date sent if sent by certified mail.