

EXCEPT AS MAY OTHERWISE BE SPECIFICALLY PROVIDED IN BUYER'S PURCHASE ORDER, THE PARTIES AGREE THAT THE FOLLOWING TERMS AND CONDITIONS SHALL GOVERN THE TRANSACTION DESCRIBED IN BUYER'S PURCHASE ORDER.

1. **DEFINITIONS:** As used herein, the term "Buyer" shall mean American Hofmann Corporation. "Seller" shall mean any provider of goods or services to Buyer.
 2. **ACCEPTANCE AND MODIFICATION:** Any purchase order issued from Buyer to Seller ("Order") can be accepted only upon the terms and conditions expressed herein, which may not be modified, amended or waived except by express written consent signed by an officer of Buyer. Objection is hereby given to any additional or different terms or conditions whether or not material, contained in any acknowledgment or confirmation of this Order. This Order and all of the provisions herein contained shall be deemed accepted by Seller upon signing the Acceptance Copy or by commencing performance hereunder, or by any other means which reasonably manifest Seller's assent to be bound by the provisions hereof.
 3. **COMPETITIVE OFFERS:** If at any time during the duration of this Order, Seller sells or offers to sell comparable quantities of similar grades of the goods or services to be provided hereunder at a price lower than Seller's price to Buyer then in effect or upon other terms and conditions more favorable to buyers than the terms and conditions hereof, Seller shall promptly notify Buyer thereof and offer such lower price or such other more favorable terms and conditions to Buyer during the period in which such lower price or such other more favorable terms and conditions are in effect.
 4. **PERFORMANCE:** Time is of the essence of Buyer's Order pertaining to this contract, and performance must actually be completed within the time stated on the face side of Buyer's Orders. In the event of Seller's delay in performance or failure to perform, Buyer reserves the right, in addition to all other rights provided by law, to either withhold an amount equal to one percent (1%) of the total purchase price of the goods or services for each week delivery or performance is delayed, up to a maximum amount of ten percent (10%) of the total amount due, or cancel the Order immediately upon giving notice and hold Seller liable for any excess cost incurred, plus all other direct or indirect liquidated damages. Neither Seller nor Buyer shall be liable for delay in performance or failure to perform if such delay or failure is caused by any occurrence or contingency beyond the reasonable control of the affected party, which by the exercise of due diligence such party would be unable to overcome, or by compliance in good faith with any applicable foreign or domestic governmental requirement provided the affected party notifies the other party of such occurrence. Quantities affected by any such delay or failure may be deleted from this Order. Seller shall deliver all goods to and perform all services at the premises designated on the face side of Buyer's purchase orders, and all prices stated herein shall be for such delivery or performance, free of all other costs and expenses. Buyer may inspect all goods provided and all services performed hereunder prior to being obligated to make payment, whether partial, full or final, on account thereof. Seller agrees to sell or otherwise make available to Buyer spare and replacement parts and component systems for each item of equipment or other goods to be provided hereunder on commercially reasonable terms and conditions throughout the entire reasonable life expectancy of each such item.
 5. **CHANGES:** Buyer reserves the right at any time to make changes in drawings, design, and/or specifications pertaining to all goods, work, and/or services to be provided hereunder. Any difference in price or time for performance resulting from such changes shall be equitably adjusted and this Order and/or schedule shall be modified in writing accordingly. Seller will not make any changes in the design or composition of any goods to be provided hereunder without prior written approval of Buyer. No payment shall be issued for changes without a written purchase order change signed by Buyer.
 6. **SHIPMENTS:** Each shipment hereunder shall be covered by a separate itemized invoice showing the date of shipment and all other relevant information. At the time of each shipment Seller shall mail such itemized invoice directly to Buyer's Accounts Payable Department at the location specified on the Order, and Seller shall forward with each shipment a shipping memorandum (stating Order number, describing the transaction and providing all other relevant information), a bill of lading and on foreign shipments all requisite import documents, including those required for compliance with ISPM requirements for wood packing material. Partial shipments must be identified as such on shipping memoranda and invoices and be marked "partial". Completed shipments must be marked thereon as "final". Except as otherwise provided in an Order, Seller will make shipments in accordance with the following:
 - a) All shipments will be consigned to Buyer.
 - b) All shipments will be made DDP Buyer's specified destination according to the latest version of Incoterms published by the International Chamber of Commerce.
 - c) Seller will forward complete set of original negotiable Bills of Lading or Airway Bills to Buyer via courier within either i) five (5) days after shipment for ocean shipments or, ii) within one (1) day after shipment for air shipments Seller will confirm courier dispatch of original shipping documents by immediate fax transmission to Buyer.
 7. **WARRANTY:** Acceptance of this Order constitutes an express warranty by Seller the (a) Seller warrants all goods to be provided hereunder for a period of two (2) years from the date of shipment, (b) with respect to all goods to be provided hereunder Seller has, or at the time of performance shall have, and shall transmit to Buyer good and marketable title thereto, free and clear of liens and encumbrances of any kind whatsoever, (c) all services to be performed hereunder shall be performed in a good and workmanlike manner and in accordance with sound generally accepted practices, involve no unreasonable risk of injury or damage, conform to all applicable specifications and governmental requirements, and be without fault and free from all defects, and (d) all goods to be provided hereunder do not infringe upon the intellectual property rights of a third party, shall be merchantable, fit for the purpose intended and of first quality, involve no unreasonable risk of injury or damage when used as intended, conform to all applicable specifications and samples and be free from all defects in design, materials and workmanship. Buyer may accept or reject any or all goods or services which are in breach of this provision and, in any event, hold Seller liable for all damages resulting from such breach.
 8. **SAFETY:** Seller agrees to observe all safety and security rules, instructions and requests of Buyer and/or Buyer's customer whenever in its performance hereunder Seller or its employees or agents enter upon any Buyer or Buyer's customer location. If the goods provided or to be provided or the services performed or to be performed hereunder involve or may involve any risk of injury or death to persons or damage to property, Seller shall provide Buyer with a written description of the nature and extent of any such risk, including a description of any precautions which should be taken to minimize the risk of death, injury or damage occurring and to minimize the injury, damage or loss in the event of any such occurrence. Upon request Seller agrees to complete Buyer's standard chemical control form currently entitled "Material Safety Data Sheet" with respect to any chemical substance to be provided hereunder.
 9. **INSURANCE:** For all goods to be provided and all work or services to be performed hereunder by Seller or its employees or agents, Seller shall maintain at its sole expense in form satisfactory to Buyer:
 - a) Worker's Compensation Insurance providing statutory benefits, for the states where the goods are to be furnished or where the work or services are to be performed including where applicable U.S. Longshoremen's & Harbor Worker's Act and Jones Act endorsements;
 - b) Employer's Liability Insurance in the states referred to above with a limit of at least \$500,000 for each accident; and
 - c) Comprehensive General Liability Insurance, including Products-Completed Operations and Blanket Contractual Liability, and, for vehicles utilized by Seller, Comprehensive Automobile Liability Insurance; each type of insurance with a separate limit of at least \$500,000 for each person and \$1,000,000 for each occurrence for bodily injury and \$500,000 for each accident and \$1,000,000 combined single limit respectively for each coverage or such larger amounts and such additional coverage as Buyer may reasonably request.
- CERTIFICATES EVIDENCING THE ABOVE COVERAGE WITH 30-DAY WRITTEN NOTICE OF ALTERATION OR CANCELLATION CLAUSE AND NAMING BUYER, BUYER'S AGENTS AND THE ULTIMATE END USER OF BUYER'S WORK, AS BUYER DEEMS APPROPRIATE, AS ADDITIONAL INSURED SHALL BE PROMPTLY SUBMITTED TO THE APPROPRIATE PURCHASING AGENT FOR BUYER PRIOR TO SELLER COMMENCING PERFORMANCE UNDER THIS ORDER.**
10. **INDEMNIFICATION:** Seller shall indemnify and hold harmless Buyer, its agents and employees, from and against all claims, damages, losses and expenses, including attorney's fees, arising out of or resulting from all goods provided and all services performed hereunder. The obligations of Seller hereunder shall not extend to any liability with respect to or arising out of any claim, damage, loss or expense which is solely attributable to an act or omission of Buyer, its agents or employees.
 11. **PAYMENTS:** Except as Buyer may otherwise direct through written communication to Seller, Buyer will pay Seller's charges net ninety (90) days or with 3% discount of invoice if payment is made thirty (30) days after receipt of each invoice. Seller shall submit completed waivers, releases and sworn statements from Seller and all of Seller's Sub-suppliers, complying with requirements of applicable construction lien laws and such other evidence as may be required by Buyer or Buyer's customer.
 12. **INSTALLMENT PAYMENTS:** Except as otherwise provided in the Order, Buyer may, in its absolute discretion, retain up to 10% of any or all installments until completion of the performance due hereunder, at which time the retained sums less any sums deducted from the total as set-off recoupment, will be paid to Seller.
 13. **ADVANCE PAYMENTS:** Except as otherwise provided in Buyer's Order, Buyer will only make payments to Seller prior to Buyer's receipt and acceptance of goods or services under this contract if Seller has met the following conditions:
 - a) Seller has furnished Buyer with adequate security of corresponding value and on terms acceptable to Buyer.
 - b) Security is in the form of an Irrevocable Letter of Credit, Unlimited Bank Guarantee, or other instrument acceptable to Buyer.
 - c) Security must be delivered to Buyer as a pre-condition to payment and, unless otherwise specified in the Order, must remain valid until at least one month after buyer has received, accepted, and acquired unencumbered legal title to all goods and services furnished by Seller under this contract.
 14. **TAXES; DUTIES:** Unless otherwise provided, Seller will be responsible for any tax, import or export duty or fee imposed by any federal, state, local or municipal Authority arising out of the sale, manufacture, shipment, or installation of the goods or performance of services covered by this contract.
 15. **INSOLVENCY:** If reasonable grounds for insecurity as to the solvency of either party arise, if either party shall liquidate or wind-up all or a material portion of its business, dissolve or terminate its existence, become insolvent, be unable to pay its debts as they mature, commit any act of bankruptcy, make an arrangement, composition or assignment for the benefit of creditors, have filed against it or consent to the filing of any petition in bankruptcy for liquidation or reorganization or otherwise be the subject of insolvency proceedings of any kind of nature, if a receiver or trustee is appointed of or for any of either party's property or business, or if either party shall be levied or garnished upon an account of any alleged sum it owed to the other, then the non-defaulting party may cancel this Order immediately upon giving notice.

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16. **LIENS:** Seller shall immediately satisfy any lien or encumbrance which because of any act or omission of Seller is filed, or threatened to be filed, against the goods to be provided hereunder or against any property of Buyer, and Seller shall save Buyer harmless from all resulting loss and expense including attorney's fees. Buyer may, in its absolute discretion deduct from any sums owing Seller under this Order any amount necessary to satisfy any such lien or encumbrance and/or any such resulting loss and expense.
17. **PATENTS, INDUSTRIAL DESIGN, COPYRIGHTS:** Seller: (a) agrees to defend and hold harmless Buyer, its successors and customer against all suits and from all damages arising out of suits or claims for actual or alleged direct or contributory infringement of, or inducement to infringe, any patent, industrial design, copyright or intellectual property by reason of the manufacture, use or sale of the goods and/or services ordered, including infringement arising out of compliance with specifications furnished by Buyer; (b) agrees not to assert any claim against Buyer under the Patent Act, Copyright Act, Industrial Design Act or any sale of goods, statutes or otherwise, including any hold harmless or similar claim related in any way to any claim asserted against Seller or Buyer for patent or copyright infringement or the like arising out of performance under this contract, including infringement arising out of compliance with specifications furnished by Buyer, and (c) hereby grants to Buyer a non-exclusive, royalty free irrevocable license to repair and have repaired, to reconstruct and have reconstructed the goods ordered hereunder. Seller hereby assigns to Buyer all right, title and interest in and into copyright and any copyrightable material created or produced for Buyer under this contract. Buyer may choose to be separately represented by counsel of its own choosing at Buyer's expense. The use of materials, purchased by Buyer herein, by Buyer, its subsidiaries, affiliated companies, and customers, in combination with other materials or in the operation of any process not designed or provided by Seller is beyond the control of Seller, and Seller shall have no obligation or liability whatsoever in connection with any suit claiming infringement by means of the use of such materials.
18. **CONFIDENTIALITY:** The term "Confidential Information" as used herein means all information, data and experience, whether of a technical, engineering, operational or economic nature obtained by Seller from Buyer, relating to Buyer's business and may include, without limitation, information relating to Buyer's products, research and development, marketing plans or techniques, client lists, and any scientific or technical information, design, process, procedure, formula, or know how (whether or not patentable), financial data and employee information.
- Seller agrees with respect to all Confidential Information received from Buyer that: (a) except with the Buyer's prior written consent, Seller will not divulge to any party who is not a party to this agreement any Confidential Information received from Buyer; (b) Seller will use the Confidential Information only for the purposes specified in this agreement and not to compete with Buyer or otherwise commercially exploit the Confidential Information; (c) Seller will take all precautions necessary or helpful to be sure that any information received from the other party to this agreement will be kept confidential and not divulged to any third party; and (d) that the Confidential Information shall remain the sole and exclusive property of the Buyer. Products built on the basis of the Confidential Information (such as based on drawings, models, tooling or the like) may neither be used by the Seller nor offered to third parties.
- The foregoing restrictions as to the disclosure and use of Confidential Information shall not apply to: (a) any information which is now part of the public domain or which hereafter becomes part of the public domain through no fault of the Seller; or (b) to any information which was in the Seller's possession at the time of receipt from the Buyer; or (c) to any information which subsequently comes into the Seller's possession and was not acquired by the Seller directly or indirectly from (i) the Buyer; (ii) services under obligation of secrecy to the Buyer; or (iii) services which require the Seller to hold it in confidence; or (d) to any information which is independently developed by an employee or agent of the Seller without knowledge of the Buyer's Confidential Information as may be proved by prior written record; or (e) to any disclosure of Confidential Information made in response to a valid order of a court or other governmental body provided, however that before making such disclosure pursuant to such order, Seller shall have given written notice to the Buyer, shall have made a reasonable effort to obtain a protective order requiring that Confidential Information so disclosed be used only for the purpose for which the order was issued.
- Buyer's Confidential Information may be disseminated by the Seller only within its own organization and only to the extent reasonably required to accomplish the purposes of this agreement. The Seller shall require each of its Sellers, employees and representatives having access to the Confidential Information to treat that information as confidential and shall use its best efforts to assure compliance with the terms of this agreement.
- Seller agrees to make only such additional copies of the Confidential Information as are reasonably required to accomplish the purposes of this agreement and to keep such confidential and all copies thereof secured and unavailable to anyone not authorized to view them. Seller further agrees to return to Buyer or destroy (as directed by the Buyer) all copies of the Buyer's Confidential Information once the purposes of this Agreement have been completed or immediately upon request of the Buyer made at any time.
- Seller recognizes that irreparable injury will result to Buyer in the event of a breach of the covenants contained in this Agreement on the part of the Seller and agrees that in the event of breach or threat of such breach, the Buyer shall be entitled to, in addition to all other remedies and damages available, an injunction to restrain the violations thereof by the Seller and all persons acting for, and or with the Seller including attorney's fees and court costs.
19. **BUYER'S PROPERTY:** Unless otherwise indicated in this contract, all supplies, materials, tools, jigs, dies, fixtures, patterns, equipment and other items furnished by Buyer, either directly or indirectly to Seller to perform this contract, or for which Seller has been reimbursed by Buyer, shall be and remain the property of Buyer, provided, however, that Seller shall bear the risk of loss and damage to such property, normal wear and tear excepted. Such property shall at all times be properly housed and maintained by Seller, shall be insured by Seller with fire and extended insurance coverage for the replacement value thereof; shall not be used by Seller for any purpose other than the performance of this contract unless otherwise authorized in writing by Buyer; shall be deemed to be personal property (moveable property); shall be conspicuously marked by Seller or marked with the name of Buyer's customer; shall not be commingled with the property of Seller or with that of a third person; and shall not be moved from Seller's premises without Buyer's written approval. Upon request of Buyer, such property shall be immediately delivered to Buyer by Seller either (i) F.O.B. cars or trucks at Seller's plant, properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (ii) to any location designated by Buyer, and Buyer shall pay to Seller the cost of delivering such property to such location. Buyer shall have the right to enter into Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto.
20. **CANCELLATION:** Buyer may cancel this Order if Seller fails to perform or observe any term or condition hereof, or for no reason at all, by giving Seller two (2) days written notice of cancellation. Seller will immediately cease all performance upon receipt of Buyer's notice of cancellation. If Buyer cancels this Order for Seller's failure to perform or observe any term or condition, Seller will be liable to Buyer for any and all damages and Buyer will be entitled to retain any payments that Seller may have been entitled to as compensation for Buyer's damages. Cancellation shall not prevent Buyer from utilizing any other remedy available by law or from seeking such damages to which it may be entitled under law.
21. **COMPLIANCE WITH APPLICABLE LEGAL STANDARDS:** Seller, and any goods or services supplied by Seller, will comply with all applicable laws, rules, regulations, orders, conventions, ordinances and standards of the country(ies) of origin and destination or that relate to the manufacture, labeling, transportation, importation, exportation, licensing, approval or certification of the goods or services, including, but not limited to, those relating to environmental matters, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. Neither Seller nor any of its subcontractors will utilize slave, prisoner or any other form of forced or involuntary labor in the supply of goods or services under this contract. Upon Buyer's request, Seller will certify in writing its compliance with the foregoing. Seller will defend, hold harmless and indemnify Buyer from and against any liability, claims, demands, damages or expenses (including reasonable attorney or other professional fees and disbursements) arising from or relating to Seller's noncompliance with this paragraph.
22. **ASSIGNMENT:** Performance under this Order is personal to Seller, and Seller may neither assign this Order nor delegate performance hereunder without Buyer's prior written approval.
23. **SET-OFF:** In addition to any right of setoff provided by law, all amounts due Seller shall be considered net of indebtedness of Seller to Buyer and its parent, subsidiaries or affiliates, and Buyer may deduct any amounts due or to become due from Seller to Buyer pursuant to this or any other contract between Buyer and Seller, their parents, subsidiaries, or affiliates.
24. **REMEDIES:** The remedies herein reserved shall be cumulative and additional to any other or further remedies provided at law or at equity. No waiver at any time of the provisions or conditions of this contract shall be construed as a waiver of the other provisions or conditions thereof, nor shall the waiver of any such provision or condition be construed as a right to subsequent waiver of the same provision or condition.
25. **LAW:** The laws of the State of Virginia excluding any choice of law rules, and including, when applicable, the Uniform Commercial Code, will govern all Orders issued by Buyer. Litigation in connection with any Order shall only be submitted to courts of applicable jurisdiction and venue located in Lynchburg, Virginia. The U.N. Convention on Contracts for the International Sale of Goods shall not apply to this contract.
26. **OTHER TERMS AND CONDITIONS:** If any conflict exists between Buyer's documents, the provisions imposing the more stringent obligations on the Seller take precedence.

PLEASE READ YOUR PURCHASE ORDER CAREFULLY AS THESE, AND ANY OTHER BUYER TERMS AND CONDITIONS THAT FORM PART OF THIS CONTRACT, ARE SPECIFIED ON THE FACE OF THE ORDER ISSUED TO YOU BY BUYER.