

Bardac Corporation

Terms and Conditions of Purchase

1. When freight routing is specified by the Buyer (Bardac Corporation) and a lower rate is in effect via route other than specified, Seller shall notify Buyer immediately. Full freight must be prepaid when material is sold FOB destination.

2. A invention, sole or joint, made by the employees of Seller and arising out of the subject matter of this Purchase Order or any modification, extension or repetition thereof, shall be fully disclosed and completely assigned by the Seller to the Buyer without further compensation.

3. The Seller agrees to indemnify and hold harmless the Buyer, its assigns, and its customers, against any and all claims, losses, costs, or damages, on account of and arising out of any infringement or alleged infringement of any letters, patents, trademarks, or copyrights by the reason of the sale and/or use by Buyer or its customers of any article, service, or process, sold or furnished under this Purchase Order; or on account of and resulting from any violation on the part of the Seller of any and all federal, state, county or municipal laws, ordinances, regulations and orders in respect to any article, service, or process, sold or furnished under the Purchase Order.

4. The Seller agrees to assume the defense of and indemnify and hold the Buyer harmless from or against any and all claims of any nature whatsoever, and the cost and expenses, including counsel fees, of defending the same, based upon or arising out of any defect in any article furnished hereunder, or based upon or arising out of any construction, installation, services or facilities furnished under or in connection with this Purchase Order.

5. All information, specifications and drawings furnished to the Seller in connection with this Purchase Order shall be used only in the manufacture of material or the performance of these services for the Buyer.

6. The Seller warrants, with respect to any article purchased and sold under this Purchase Order, that: (1) he/she has good title to the article, or will have at the time title is to pass, (2) the article is free from encumbrances, (3) the article conforms to the specifications or corresponds with the description herein or with the sample previously exhibited, or with representations with respect thereto previously made by the Seller, (4) the article is fit for the purposes for which it was bought, (5) the article is merchantable, (6) the article has no latent defect and (7) the article is of good material and workmanship.

7. A waiver of any failure on the Seller's part to carry out any condition, term or part of this Purchase Order shall not act as a waiver with respect to any recurrence of such failure, or with respect to a failure to carry out any other condition, term or part.

8. Neither the Seller (in respect of its obligation to make delivery) nor the Buyer (in respect of its obligation to accept delivery) shall be liable for any delay or failure of performance due solely to strikes, fires or other causes beyond its reasonable control provided it shall have given notice of any such causes for delay or anticipated delay promptly following the commencement thereof and shall have used its best efforts to make or accept deliveries, as the case may be, as expeditiously as possible, taking such causes for delay into account. If the Buyer believes that such causes beyond its control as herein described or the delay or anticipated delay in the Seller's deliveries may impair its ability to meet its production schedules or may

otherwise interfere with its operations, the Buyer may at its option, and without liability to the Seller, terminate this Contract.

9. If there is a cancellation by any government authority of any Contract with the Buyer or a prime contractor subcontracting with the Buyer and to which this Purchase Order applies, the Buyer reserves the right to cancel this Purchase Order or any portion thereof. If such cancellation is issued, the Buyer will accept from the Seller and compensate the Seller for the material, labor, services, facilities, etc., not yet then delivered to the Buyer under this Purchase Order to the extent that the government or its prime contractor will accept delivery and compensate the Buyer therefore. All or any portion of this Purchase Order may be used for or in connection with government contracts and it is subject to all statutory provisions applicable to such contracts.

10. The Buyer reserves the right to cancel this Purchase Order or any portion of same if shipment is not made when specified, time being of the essence of this Purchase Order, and to charge the Seller for any loss entailed.

11. All goods will be subject to the Buyer's inspection and approval after arrival, notwithstanding any prior payment. Goods not in accordance with specifications will be rejected and held subject to shipper's order and must be replaced immediately unless otherwise instructed. The Seller must pay all expenses, including demurrage, handling and storage charges, and freight both ways, on rejected goods. This does not limit other legal remedies available to the Buyer.

12. Neither this Purchase Order nor any interest therein shall be assigned or transferred without the prior consent in writing of the Buyer.

13. The Seller warrants that the production and sale of the material, labor, services, facilities, etc., to be supplied hereunder will comply with all applicable federal, state, municipal and local laws, orders and regulations, as amended, including, without limitation, the Fair Labor Standards Act of 1938 and regulations and standards established under the Occupational Safety and Health Act of 1970.

14. Acceptance of this Purchase Order by the Seller is expressly limited by the terms and conditions herein. The Purchaser notifies the Seller that it objects to any additional or different terms to those stated in this Purchase Order.

15. These conditions shall apply so far as they shall be held to be lawful and enforceable. If any condition shall be held to be unlawful or unenforceable, then these conditions shall be read and construed as if such condition or part were omitted.

16. Acceptance of this Purchase Order constitutes assurance that, to the best of the Seller's knowledge, information, and belief, all chemical substances contained in the product covered by the Purchase Order appear on the Environmental Protection Agency's inventory of chemical substances issued under Section 8 of the Toxic Substances Control Act.

17. Any applicable sales or use federal excise tax must be shown separately on the invoice.

18. The prices shown on this Purchase Order may not be changed without the written permission of the Buyer.

19. This Contract shall be governed by and shall be construed according to the laws of the Commonwealth of Virginia, USA.