

McLanahan Corporation

TERMS & CONDITIONS OF PURCHASING

By accepting our order (or providing a quote in response to our RFQ):

1 You agree to comply with the law as follows:

You warrant that no law, rule or ordinance of any governmental authority or agency, whether federal or state, foreign or domestic, has been violated in the manufacture, transportation, or sale of any goods covered by this purchase order or RFQ (the "Goods").

You represent and warrant that the Goods and any services covered by our purchase order or RFQ (the "Services") were or will be produced or provided in compliance with the Fair Labor Standards Act, including, but not limited to, Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as it has been amended or supplemented (including, but not limited to, the Equal Pay Act of 1963), and of the regulations and orders of the United States Department of Labor issued under these laws.

You represent and warrant that the production, purchase, and/or sale of the Goods and provision of the Services does not and will not violate the Pennsylvania Human Relations Act, 43 P.S.951 et. seq., as it has been amended or supplemented, and does not and will not violate any rule or regulation of the Pennsylvania Human Relations Commission promulgated under Section 957 (d), (e) or similar sections of that law.

Unless you are otherwise exempt, you will comply with the requirements of the following laws and executive orders: Executive Order 11246 (including the equal employment opportunity clause and certification of non-segregated facilities); Section 503 of the Rehabilitation Act of 1974; Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974; the Age Discrimination in Employment Act; Executive Order 12138 (establishing preference for Women-owned business and employment); Title VII of the Civil Rights Act of 1964; Executive Order 11625 (establishing The National Program for Minority Business Enterprises); and The Americans With Disabilities Act of 1990, as each may be amended or supplemented from time to time.

You will comply with all of the above laws and executive orders and all applicable rules and regulations promulgated under these laws and executive orders. You will comply with any other existing and future statutes, executive orders, rules or regulations imposed by any state or federal legislatures or agencies that relate to the prevention of discrimination, aiding affirmative action, or economic assistance programs.

2 You agree to comply with safety and packaging rules as follows:

You hereby certify that the Goods will be packaged and labeled in compliance with all applicable international, federal, state and local laws and regulations. You will indemnify us, defend us and hold us harmless, from any and all liability, loss, damage, expenses and cost, including attorneys' fees and other costs we may incur in connection with any claims, demands, fines or judgments that arise from the violation of any such law or regulation. You warrant that the Goods will not be manufactured or delivered in a way that violates or causes a violation of any provisions of the Occupational Safety&Health Act of 1970, as amended or supplemented, or any similar state law, or any rules and regulations issued under these laws, and that the normal use of the Goods by us in our manufacturing process will produce no such violation.

You warrant that any chemical substances (whether in pure form or as part of any mixture, article or other goods) included as part of the Goods will upon sale and delivery to us be included in the then current chemical substances inventory list compiled and published pursuant to Section 8 of the Toxic Substance Control Act, as amended or supplemented.

You will indemnify, defend, and hold us, our officers, directors and employees, harmless from and against any claims, damages or expenses arising directly or indirectly out of any violation of your obligations under this Section 2.

3 You agree to the following conditions regarding packing and shipping costs:

You will not charge us for packing, boxing or cartage unless we agreed upon such a charge at the time of purchase. You will be responsible for any damage to the Goods that results because they were not properly packed. All packing must conform with any applicable tariff or classification requirements so that the lowest possible freight rates will apply. You will be responsible for properly quoting the legally required tariffs when appropriate. If you misquote a tariff in making a bid, you will be solely responsible for the additional tariff owed and will indemnify and hold us harmless from the same. McLanahan will receive the benefit of any decrease in freight charges between the time of your quotation and date of shipment if freight is included in the price you originally quoted us. You will comply with all rate schedules.

4 You agree to the following terms regarding on-site work:

If as a part of fulfilling our order you or any of your employees, contractors, or agents will be required to enter or perform any work on our property, you must also agree to and sign a copy of our Standard On-Site Contractor Agreement. For such orders, the terms and conditions of the Standard On-Site Contractor Agreement will form a part of our legally binding agreement.

5 You agree that we will have the right to inspect and reject nonconforming goods and services as follows:

We will have the right to inspect the Goods when they arrive at their destination. We reserve the right to reject any Goods or Services that do not conform to the terms of our purchase order (or RFQ), including, but not limited to, any Goods or Services that are not delivered on time or that do not conform to drawings, specifications, and/or samples required under our agreement or any warranty given by you (express or implied). If we reject any Goods, we have the right to return the Goods to you or hold the Goods at your expense until you direct us to dispose of them or return them to you. If we reject any Goods, we will have no further obligation with respect to such Goods once we have returned or disposed of the rejected Goods. If we return rejected Goods to you, you will be responsible for return shipping costs. If we reject any Services, we will have no further obligation with respect to such Services.

The fact that we have paid for any Goods or Services will not constitute acceptance by us of the applicable Goods or Services. If we reject any Goods or Services for which we have already paid you, you will refund to us the amounts we paid with respect to such rejected Goods and/or Services.

If any of the Goods rejected were fabricated by you using materials furnished by us, you agree to replace such materials at your own expense or pay us the replacement cost of the materials. You also agree to reimburse us for the replacement cost of any of our materials, patterns, forms, castings or tools that are damaged while in your or your employees' or agents' possession.

You may not substitute any materials or accessories with respect to the Goods or Services without our prior written permission.

6 You make the following warranties with respect to your goods and services:

YOU WARRANT THAT THE GOODS AND SERVICES WILL BE FREE FROM DEFECTS IN MATERIALS AND WORKMANSHIP, WILL BE MERCHANTABLE, AND WILL FULLY CONFORM TO OUR SPECIFICATIONS, DRAWINGS, SKETCHES, MODELS, AND SAMPLES AND YOUR DESCRIPTIONS, PROMISES AND/OR SAMPLES. IF THERE IS AN INCONSISTENCY AMONG ANY OF THESE REQUIREMENTS, IT IS YOUR RESPONSIBILITY TO CLARIFY THE INCONSISTENCY WITH US. IF YOU FAIL TO DO SO, YOU WILL BE SOLELY RESPONSIBLE FOR ANY ERRORS THAT RESULT.

YOU WARRANT THAT THE GOODS WILL BE FIT FOR OUR INTENDED USE IF YOU HAVE REASON TO KNOW OF SUCH INTENDED USE.

YOU WARRANT THAT YOU WILL CONVEY TO US GOOD TITLE TO THE GOODS, FREE AND CLEAR FROM ALL LIENS, CLAIMS, AND ENCUMBRANCES. IF WE REQUEST IT, YOU MUST PROVIDE US WITH A FORMAL WAIVER OR RELEASE OF ALL LIENS BY YOU OR YOUR SUPPLIERS IN THE GOODS.

7 You agree that title in the goods and risk of loss will pass from you to us as follows:

Unless the terms of our purchase order or RFQ state otherwise, title to the Goods shall pass to us when the Goods are received by us at the destination specified in our purchase order or RFQ. You will bear the risk of any loss that may occur prior to such receipt unless the loss was caused by our or our customer's gross negligence or willful neglect.

8 You agree to indemnify us for claims of infringement as follows:

You will indemnify and hold us harmless from and against all damages, rulings, orders, decrees, judgments, expenses (including attorneys' fees and other costs of litigation), and losses arising from any claim that the Goods as sold, the ordinary or as advertised (by you) use of the Goods, or resale of the Goods without alteration, infringed any patent, trademark or copyright. You will at your sole expense defend all suits or proceedings instituted against us on the basis of any such claim, and you will have the right to control the defense. If a court of competent jurisdiction determines that any of the Goods or any part of the Goods infringes the patent, trademark, or copyright of another party, you will, at your sole expense, either obtain for us the right to continue using such Goods, replace the Goods with goods that are non-infringing, or take the Goods back and refund to us the purchase price of the Goods and the cost of transportation and installation of the Goods, if applicable. Your obligations under this Section 8 will continue even after we pay for and accept the Goods.

9 You agree to properly handle our confidential information as follows:

Any specifications, drawings, sketches, models, samples, tools, computer or other apparatus programs, technical or business information or data, written, oral or otherwise, that is owned or controlled by us that we furnished to you under our agreement or in contemplation of our agreement will remain McLanahan's property and will be treated by you as confidential information. If we ask you to do so, you will return all copies of such information to us (whether in written, graphic or other tangible forms), f.o.b. your plant. You agree to prepay any freight charges needed to return such copies to us and invoice us for the charges.

Unless you already knew such information and were not obligated to treat it confidentially, or such information was already made public by McLanahan or a third party, you agree that you will only use such information to fill orders or in performing under our purchase order (or RFQ) and will not use such information for any other purposes (unless we agree otherwise in writing). You agree that neither you nor any of your employees will disclose confidential information to any third party.

If you or any of your employees or agents violate the provisions of this Section 9, we will have the right to have a court enjoin you, your agents and anyone to whom you have assigned our agreement (in accordance with the terms of our agreement) from using any of the confidential information we provided to you. You will also be liable to us for restitution and damages in an amount equal to the gross profits you, your agents, and assigns received by having used the confidential information in violation of this Section 9. You agree to compensate us for any attorneys' fees, expert fees, and court costs we incur to enforce this Section 9.

10 You agree that additional terms will not form a part of our agreement unless we specifically accept them as follows:

Our purchase order constitutes an offer. Any terms contained in your acceptance or acknowledgement of our purchase order that are inconsistent, nonconforming, or additional to the terms set forth in our purchase order, these terms and conditions, and, if applicable, our Standard On-Site Contractor Agreement, will be deemed a material alteration. Such a material alteration will not form a part of our legally binding agreement unless we accept such material alteration in a writing that specifically refers to each such material alteration, unless any law requires otherwise.

11 You agree to the following restrictions regarding assignment of our agreement:

You may not transfer or assign our agreement, in whole or in part, unless you first obtain our written consent. If we do provide such consent you will still be legally responsible for fulfilling the obligations of and for any liabilities that may arise under our agreement.

12 You agree to the following conditions regarding governing law, our remedies and dispute resolution:

The law of the state of Pennsylvania will govern our agreement, without reference made to its conflicts of law provisions, except in circumstances where our agreement or federal law provides otherwise.

Any remedies we have reserved in our agreement will be cumulative and in addition to any other remedies that may be available to us in law or equity. If we waive any term or condition of our agreement, the waiver will not be construed as a permanent waiver of such term or condition nor a waiver of any other term or condition. The warranties you have given in our agreement will survive the completion or cancellation of our purchase order.

You agree that before you seek to bring a legal claim against us you will first attempt to negotiate in good faith a resolution to any dispute arising out of our agreement. We will have sixty (60) days to conduct such negotiations prior to you filing suit. If we fail to achieve resolution of your dispute after negotiating in good faith, then the dispute will be resolved by arbitration, to be held in Blair County, Pennsylvania, or other location in Pennsylvania of McLanahan's choice, with the arbitrator to be selected mutually by us from a panel of arbitrators designated by the American Arbitration Association. The results of such arbitration will be binding upon us, subject to the provisions of 42. Pa. C.S. 7301 to 7320, known as the Uniform Arbitration Act, as amended or supplemented.