Kilian Manufacturing Corporation Terms and Conditions of Purchase

Rev. 11/19/14

1. DEFINITIONS

"Company":	Kilian Manufacturing Corporation, a Delaware corporation
"Conditions":	The Terms and Conditions of Purchase set out in this document and any special terms and conditions expressly agreed to in writing by the Company.
"Contract":	The contract between the Company and the Seller arising on submission of the Order by the Company subject to the Conditions.
"Goods":	All or any part of the products, goods, work, equipment and services to be provided by the Seller under the Contract.
"Order":	The Company's Purchase Order to which these Conditions are annexed.
"Seller":	The party contracting with the Company for the purchase of the Goods.

2. CONTRACT TERMS

These Conditions shall apply to all Contracts for the purchase of Goods by the Company from the Seller to the exclusion of all other terms and conditions, including any terms or conditions which the Seller may purport to apply under any sales offer, quotation or similar document, and any terms and conditions subject to which the Order is accepted or purported to be accepted by the Seller. All prior, contemporaneous and subsequent representations, negotiations, and agreements, whether written or oral, including, but not limited to, terms and conditions submitted by the Seller, shall have no legal effect and shall not become part of the Contract unless expressly agreed to in writing by the Company and made a part hereof.

3. ORDER

Orders will be issued by the Company in writing, by fax or electronically, and will be binding on the parties upon the Seller's acceptance in writing, by fax or electronically, or by the Seller's commencement of any work or performance pursuant to the Order. The Seller's acceptance of the Order by any means shall constitute acceptance of these Conditions.

4. PRICE

All prices shall be set forth on the face of the Order or an attachment thereto. The Seller warrants that the prices for the Goods or services sold to the Company under this order are not less favorable than those currently extended to any other customer for the same or like goods or services in equal or less quantities. In the event the Seller reduces its price for such goods or services during the term of the Order, the Seller agrees to reduce the prices hereof correspondingly. No extra charges of any kind including interest charges, service charges or carrying charges will be allowed unless specifically agreed to in writing by the Company.

Unless otherwise agreed by the parties in writing, the price for the Goods or services shall include, unless otherwise agreed and specifically listed on the face of the Order, all packing, inspection, insurance and shipping costs and all federal, state and local excise, sales, use, value added, transfer or other taxes assessable against the production, sale, shipment or use of any Goods or services covered by this Order. The Seller will accept a valid tax exemption certificate from the Company. The Seller shall indemnify and hold harmless the Company from all claims and liabilities arising from the Seller's failure to report or pay any taxes, tariffs or duties for which the Seller is responsible.

5. TERMS OF PAYMENT

All invoices for Goods delivered or services performed must be rendered after delivery in accordance with Section 6 hereof, and must bear the Company's Order number. Unless otherwise agreed by the parties in writing, payment of each of the Seller's invoices shall be due within sixty (60) days from the date of the invoice. Time for payment shall not be of the essence of the Contract. The Seller is not entitled to delay or suspend delivery of the Goods under the Order or any other order or Contract between the parties as a result of sums being outstanding. No payment of or on account of the Contract price shall constitute an admission by the Company as to the proper performance by the Seller of its obligations. The Company may set off against the price amounts due from the Seller, whether under the applicable Contract of sale or otherwise.

6. SHIPMENT AND DELIVERY

Seller grants the Company the right at any time to specify the carrier and/or method of transportation to be employed in conveying any part or all of the Goods covered herein. In the event that Seller uses an unauthorized carrier and/or method of transportation, then all shipping expenses shall be assumed by Seller. Unless otherwise stated in the Order, all Goods will be shipped FCA shipment point. FCA shall be interpreted in accordance with the version of Incoterms valid at the time of the Seller's acceptance of the Order. The Seller shall be responsible for preparing and filing all export documentation for all shipments. The Company shall not be obligated to accept early deliveries, partial deliveries or excess deliveries. If Goods are incorrectly delivered, the Seller shall be responsible for any additional expense incurred in delivering the Goods to the correct destination.

The delivery date set forth on the Order is of the essence of the Contract. If the Seller anticipates that it will not be able to deliver the Goods upon the agreed delivery date, then the Seller shall immediately notify the Company thereof in writing; provided, however, that such notice shall not relieve the Seller of its responsibilities and liabilities with respect to on-time delivery hereunder. In such event, the Company may request that the Seller expedite delivery to the maximum extent possible at the Seller's sole expense. If the Seller does not deliver the Goods by the agreed delivery date, then the Company shall be entitled to liquidated damages as agreed between the parties, up to and including the total Order value. Such liquidated damages shall be paid at the Company's written demand. Partial deliveries shall not relieve the Seller from liability for any late delivery hereunder.

If the Seller discovers that it has shipped any non-conforming Goods to the Company, it shall immediately (and not more than 24 hours after such discovery) notify the Company thereof in writing; provided, however, that such notice shall not relieve the Seller of its responsibilities and liabilities with respect to defective goods hereunder.

7. INSPECTION

Notwithstanding (i) payment, (ii) passage of title, or (iii) prior inspection or test, all Goods or services delivered shall at all times be subject to the Company's final acceptance, inspection and testing, but neither the Company's acceptance, inspection or testing nor failure to inspect or test shall relieve the Seller from full responsibility for furnishing Goods and services conforming to the requirements of the Order, nor prejudice any claim, right or privilege the Company may have because of defective or unsatisfactory Goods or services. The Company reserves the right to reject and return at the risk and expense of the Seller such portion of any shipment which may be defective or fails to comply with specifications without invalidating the remainder of the Order. Any Goods or services rejected or otherwise not meeting the standards set forth above may be held for disposition at the expense and risk of the Seller or, at the Company's sole discretion, be returned for credit or promptly replaced or reperformed by the Seller at the Seller's sole expense. At all reasonable times during the period of the Seller's performance hereunder, including the period of manufacture, the Company may inspect and/or test the Goods and services to be furnished hereunder at any location where the work associated with the Goods and services are being performed, including those of the Seller's suppliers, and the Seller shall provide, without additional charge, reasonable facilities and assistance for safe and convenient inspection and testing. The Seller shall provide and maintain an inspection and

process control system acceptable to the Company covering the Goods and services hereunder. Records of all inspection services by the Seller shall be kept complete and available to the Company during the performance of this Order and for such longer periods as may be specified in this Order or as otherwise required by the Company. The Company or its customers may furnish to the Seller a list of noncompliant items following inspection, and such list shall constitute the Company's or its customers' non-acceptance of the noncompliant items listed.

8. WARRANTY

The Seller warrants that, upon delivery and for a period of 24 months from the date of delivery, or such other period as shall be agreed upon in writing by the parties, the Goods (i) are designed and manufactured in a professional and workmanlike manner, (ii) are fit for any normal or agreed purpose, (iii) are free from defects in design, materials and workmanship, (iv) strictly comply with specifications and requirements agreed upon with the Company and, in the absence of such agreement, with industry standards, (v) comply with all applicable laws, regulations, orders, acts and statutory requirements relating to the manufacture and sale of such Goods, and (vi) are free of any claim of any nature by any third person. The acceptance of Goods by the Company shall not waive or adversely affect any claim or cause of action arising out of breach of any of the foregoing warranties or any other warranty expressed by the Seller or implied in fact or in law.

Without prejudice to any other right or remedy which the Company may have, for any breach of the foregoing warranties, the Seller shall at the Company's direction, do any of the following (i) take all necessary action, at the Seller's full cost and expense, to correct such breach in the most expeditious manner possible; (ii) refund to the Company an equitable portion of the Contract price; (iii) furnish replacement Goods, as necessary, at the original shipping point; or (iv) in the case of services, reperform the services. All costs incurred in the expedient correction of breach (including premium time, de-installation, installation, re-commissioning and freight if required by the Company's operating needs), shall be borne by the Seller. In the event of failure by the Seller to expeditiously correct defects in or replace nonconforming Goods or services, the Company, after reasonable notice to the Seller, may make such corrections or replace such Goods and services and charge the Seller for all costs and expenses incurred by the Company thereby. The warranties of the Seller set forth herein shall inure to the benefit of the Company and its successors, assigns, customers, and other users of the Goods or services.

9. INDEMNIFICATION

To the fullest extent permitted by law, the Seller shall indemnify, defend and hold harmless the Company, its directors, officers, employees, agents, affiliates, representatives, and any of the Company's customers buying or using the Goods or services specified herein (collectively, the "Indemnified Parties"), from and against any and all suits , actions, legal or administrative proceedings, claims, demands, damages, liabilities, interest, attorneys' fees, costs and expenses of any nature, whether arising before or after completion and installation of the Goods and/or services, for which the Indemnified Parties might become liable as a result of any act, omission, fault, or negligence, whether active or passive, of the Seller or of anyone acting under the Seller's direction or control or on its behalf, in connection with or incident to the Seller's performance of the Contract, including, without limitation, (i) any third party product liability claims for death, personal injury, property damage and any other losses caused by defective Goods, (ii) any third party claims arising out of any misrepresentation, breach or default by the Seller with respect to ownership, possession, use, operation, condition, sale, purchase, lease, maintenance, selection, manufacture, or delivery of any item or items of Goods or services (including, without limitation, latent and other defects, whether or not discoverable by the Company), and (iii) any other third party claims arising out of the Seller's breach of any representation, warranty or obligation set forth herein.

10. INSURANCE

The Seller shall maintain and keep in force comprehensive general liability insurance, including public and products liability, property damage, employers' liability and workers' compensation insurance, all at minimum limits reasonably acceptable to the Company. As proof of such insurance, Seller shall, at any time upon the Company's reasonable request, provide the Company with any applicable insurance certificates naming the Company as additional insured.

11. COMPANY'S PROPERTY; CONFIDENTIALITY

All plans, specifications, patterns, drawings, designs, blueprints, models, tools, molds, jigs, dies, patterns, samples and other technical documents and information furnished by the Company to the Seller, or specifically paid for by the Company for the manufacture of the Goods, and any replacements thereof and changes thereto and any materials affixed or attached thereto, shall at all times be and remain the exclusive property of the Company. Such materials (i) shall be plainly marked by the Seller as property of the Company, (ii) shall be held by the Seller in safe custody at its own risk and maintained and kept in good condition by the Seller until returned to the Company and (iii) shall not, without the prior written consent of the Company, be used by the Seller or any of its authorized subcontractors or representatives in any manner except for the purpose of fulfilling this Order. The Seller assumes all risk and liability for loss of or damage to the Company's property in its custody or control, except for normal wear and tear, and shall insure such property at its own expense for an amount at least equal to the replacement cost thereof, with loss payable to the Company and such property shall be subject to removal at the Company's written request, in which event the Seller shall prepare such property for shipment and shall redeliver to the Company in the same condition as originally received by the Seller, reasonable wear and tear expected, all at the Seller's expense.

Unless previously known to the Seller free of any obligation to keep it confidential, all information of the Company shall be kept confidential by the Seller and such information and other property of the Company shall be used only in performing this Order and may not be used for any other purposes. This Order is confidential between the Company and the Seller, and it is agreed by the Seller that none of the details connected herewith shall be published or disclosed to any third party without the Company's prior written consent.

12. INTELLECTUAL PROPERTY

The Seller hereby grants to the Company a non-exclusive, assignable, transferable, sublicensable, royalty-free, worldwide license to any of the Seller's or its supplier's intellectual property to the extent same is required for use of the Goods sold and services performed under this Order. The Seller warrants that the Goods sold and services performed under this Order do not, and will not, infringe any valid patent, copyright, trademark, trade secret or any other intellectual property interest owned or controlled by any other person, and the Seller agrees to indemnify, defend and hold harmless the Company, its officers, employees, agents, representatives, successors, assigns and any of the Company's customers buying or using the Goods or services specified herein, from any all losses, liabilities, damages, penalties, injuries, claims, demands, actions, suits, costs and expenses (including, without limitation, reasonable attorney and other professional fees and disbursements) arising out of a claim or suit at law or equity for actual or alleged infringement of such intellectual property interests, by reason of the buying, selling or using the Goods or services supplied under this order, and the Seller will assume the defense of any and all suits and will pay all costs and expenses incidental thereto. If buying, selling or use of said Goods or services is enjoined, then the Seller shall, at its own expense and at the Company's option, either procure for the Company the right to continue buying, selling and using said Goods or services or replace the same with a non-infringing equivalent; or remove said Goods or services from commerce and refund to the Company the purchase price and the related transportation and handling costs thereof. Unless otherwise agreed to in writing by the Seller and the Company, all right, title and interest in any inventions, developments, improvements or modifications of or for goods and services delivered hereunder shall exclusively belong to the Company as part of this work for hire.

13. CHANGES

The Company shall have the right, at any time, to make changes to any Order, including, without limitation, quantities, specifications, delivery schedules, method of shipment and packaging, but no additional charges will be allowed for such changes unless authorized in writing by the Company. If such changes affect delivery or the amount to be paid by the Company, the Seller shall notify the Company within ten (10) days following a change requested by the Company with the Seller's proposal for adjustments to price or schedule along with sufficient supporting data to justify such adjustments for the Company's consideration and discussion with the Company. Any request from the Seller for a price increase or extension of time for delivery shall not be binding upon the Company unless evidenced in the Company's change order. If the Seller and the Company fail to agree upon any adjustments to the price or time to perform, then the Seller agrees to proceed promptly and diligently with the prosecution of the requested changes as set forth in the applicable change order and any disputes that remain unresolved between the Seller and the Company after thirty (30) days with respect to any change order shall be subject to the dispute resolution process as provided for in these Conditions.

14. CANCELLATION

The Company may cancel this Order at any time for its convenience, in whole or in part, by giving notice to the Seller in writing, by fax or electronically. Upon receipt of such cancellation notice, the Seller shall immediately act so that no further costs are incurred, and shall thereafter do only such work as may be necessary to preserve and protect work already in progress and to protect material and goods at the work site or in transit thereto. All cancellation claims must be submitted by the Seller in writing to the Company within fifteen (15) days of the order cancellation date. The Company's sole obligation for cancellation under this section shall be to reimburse the Seller for (a) those services actually performed and for those Goods actually shipped and accepted by the Company up to the date of cancellation, and (b) reasonable and documented costs incurred by the Seller for unfinished goods, which are specifically manufactured for the Company and which are not standard goods of the Seller, as of the date of cancellation. In no event shall the Company be responsible for loss of anticipated profit nor shall reimbursement exceed the Order value.

15. FORCE MAJEURE

In the event of war, declared or undeclared, acts of terrorism, fire, flood, strike, riot, act of governmental authority, acts of God or other similar contingencies beyond the reasonable control of the Seller, the Seller shall notify the Company of such delaying event or occurrence and take all steps necessary to end such delay, including procurement of materials from alternate sources and acceleration of activities to meet the Company's schedule. If, in the Company's discretion, the delay is not capable of prompt remedy, the Company may terminate this Order for its own convenience pursuant to the terms of these Conditions. Neither party shall be liable for damages resulting from delays arising out of causes beyond its control, including but not limited to, acts of God, acts of any government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and severe weather, nor shall such delay affect the remainder of this Order.

16. COMPLIANCE WITH LAWS

The Seller warrants that, in the performance of this order, the Seller and all Goods and services provided hereunder will comply with all applicable federal, foreign, state and local laws, ordinances, codes, regulations, and orders now in effect or which may become effective and which may apply to the Goods or services provided hereunder, including, but not limited to, the Occupational Safety and Health Act of 1970 as amended ("OSHA"); Toxic Substance Control Act as amended ("TSCA"); the Equal Employment Opportunity Act and the Regulations and Standards issued pursuant thereto ("EEOC"); and the Fair Labor Standards Act of 1938 as amended ("FLSA"). Additionally, the Seller represents and warrants that it shall supply the Company with such information as may be necessary to permit the Company to comply with the Federal Hazard Communication Standard as set forth in 29 CFR 1920.1200 (or the equivalent of 29 CFR 1920.1200 in the applicable local jurisdiction). The Seller shall supply such material data safety sheets (MSDS) to the Company and the receiving facility at the time of making its first delivery pursuant to this Order, and shall revise or amend such MSDS as necessary during the course of fulfilling this Order. Failure of the Seller to supply such MSDS shall be conclusively presumed to mean that such data is not required for the Goods supplied. Further, the Seller warrants that the Goods furnished by it will be in compliance with the Consumer Product Safety Act ("CPSA"), National Highway Safety Act ("NHSA"); and regulations issued pursuant thereto.

17. CONFLICT MINERALS

The Seller hereby represents, warrants, covenants and certifies that (i) it is in full compliance with all applicable conflict minerals laws, including, without limitation, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as it may be amended from time to time and any regulations, rules, releases, decisions or orders relating thereto adopted by the Securities and Exchange Commission or successor governmental agency responsible for adopting regulations relating thereto (collectively, the "Act"), and (ii) none of the Goods furnished hereunder shall contain any conflict mineral (including, but not limited to, tin, tantalum, gold and tungsten) originating in the Democratic Republic of the Congo or an adjoining country (the "Conflict Region") unless (x) such conflict mineral is from recycled or scrap sources or (y) such conflict mineral was outside the supply chain prior to January 31, 2013. The Seller further agrees, at any time upon the Company's reasonable request, (1) to promptly certify in writing as to the Seller's compliance with this paragraph, (2) to promptly provide the Company with such information regarding the source and chain of custody of all conflict minerals that may be contained in the Goods delivered hereunder, (3) to reasonably cooperate with the Company's efforts to comply with the requirements of the Act, and (4) to cause its subcontractors and sub-suppliers of every tier to provide the Seller and the Company with the information and cooperation that the Seller is required to provide under the foregoing clauses (1), (2) and (3). Should the Seller learn or have reason to know of or suspect any development that makes it likely that any Good furnished hereunder contains any conflict mineral originating in the Conflict Region in violation of the foregoing, or that in any other way makes inaccurate, incomplete or misleading the representations, warranties and certifications of the Seller set forth herein, then the Seller shall immediately advise the Company in writing of such knowledge or suspicion and all related information known to the Seller. The Seller acknowledges that the Company will rely on the accuracy and completeness of information that the Seller furnishes to the Company as the basis for the Company's compliance with the Act.

18. EXPORT CONTROLS; ANTI-BRIBERY LAWS

The Seller will comply with all applicable export and re-export control laws including, without limitation, laws related to export licensing, in connection with performing its obligations hereunder. The Seller will provide the Company with the Export Control Classification Number, or such similar number from other jurisdictions, and any other foreign trade data with respect to the Goods and their components, and any changes to such data, as the Company may reasonably request. The Seller represents and warrants that it and its employees, agents and representatives have not violated and will not violate any provision of any applicable anti-bribery or anti-corruption laws. If the Seller fails to meet its obligations in this paragraph, Seller shall defend, indemnify and hold the Company harmless from and against any fines, penalties and/or damages resulting there from. In addition, the Company may, at its discretion, terminate this order without any further liability or obligation.

19. GRATUITIES

The Seller warrants that neither it nor any of its employees, agents or representatives has offered or given any gratuities to the Company's employees, agents or representatives with a view towards securing the Contract or securing favorable treatment with respect thereto.

20. RECORDS
The Seller will maintain complete and accurate records regarding production and manufacture of Goods for a minimum period of seven (7) years following expiration of the Contract. Upon reasonable advance notice, the Company may inspect and make copies of such books and records during normal business hours to verify compliance with these Conditions.

21. LIMITATION OF LIABILITY
In no event shall either party be liable hereunder for any claims for indirect, incidental, special, consequential or punitive damages or losses, loss of production and loss of profit, all of which are expressly excluded.

22. GENERAL PROVISIONS
Any term found to be illegal or unenforceable shall be severed and shall not, in any way, affect the validity of the Contract. The Company's failure to enforce any rights or remedies available in the event of the Seller's default shall not constitute a waiver and shall not bar the enforcement of such rights should the default continue as in the event of future defaults. The Contract is entered into in the state and county where the Company is located, and shall be construed in accordance with the laws of such state, without regard to the conflicts of law provisions of such state. All disputes arising under this Order, except as otherwise provided for herein, shall be settled by binding arbitration in accordance with the rules, then pertaining, of the American Arbitration Association. The site of arbitration shall be in the state and county where the Company is located, or another mutually agreed upon location. The board of arbitration shall be comprised of three (3) arbitrators. Each party shall select one (1) arbitrator and the third arbitrator shall be selected by the two (2) arbitrators. A majority vote of the three (3) arbitrators shall be considered a final decision by the board of arbitration. To the extent that either party hereto prevails in any such dispute, said prevailing party shall be entitled to be awarded that proportion of its reasonable costs and expenses (including attorney's fees) that it actually incurred in the matter. The Seller shall not assign the Contract or any order, or any interest therein, or any rights hereunder, without the prior written consent of the Company. The Seller shall not be entitled to perform any of its obligations under the Contract by use of sub-contractors without the prior written consent of the Company. The Company shall be entitled to assign or sub-contract the whole or part of its obligations under the Contract. The obligations of the parties under this Order which by their nature would continue beyond termination, cancellation or expiration of this Order, including, but not limited to those in Sections 7, 8, 9, 11, 12, 16, 17, 18, 19 and 20, shall survive termination, cancellation or expiration of this Order. In the event of any conflict between these Conditions and the Order, the terms specified on the face of the Order shall prevail.

23. GOVERNMENT CONTRACTS
As to any of the Goods contained in an Order which are for delivery under United States government contracts, the following terms shall apply, as applicable, unless otherwise agreed by the parties:

Where the Company's customer terminates, the Seller likewise agrees to accept termination upon notice from the Company, and settlement shall be by mutual agreement. Upon failure to agree within a reasonable time, settlement shall be made pursuant to the U.S. Government Termination provisions then in effect. Seller agrees to accomplish a maximum amount of subcontracting to small business and minority-owned business concerns and to use its best efforts to place subcontracts hereunder with subcontractors who will perform such subcontracts substantially in areas of persistent or substantial labor surplus when such can be accomplished at prices no higher than obtainable elsewhere, observing exemptions and preferential order established by applicable. Seller agrees that its books, records and its plant, or such parts of its plant as may be engaged in the performance of the Order, shall at reasonable times be subject to inspection and audit by any authorized representative of any Department of the United States Government. In addition to the foregoing, if applicable, all terms and conditions contained in the Company's form entitled "Additional Terms and Conditions Applicable to Government Contracts" shall apply to the Contract as if contained herein whether attached to the Order or not. If not attached, copies will be furnished to the Seller upon request.