

## Purchase Orders

This purchase order (the "Order") constitutes an offer by The Penrod Company ("Penrod") to purchase the goods (the "Products") and/or services (the "Services") described on the front of this Order from the vendor identified there ("Seller"). Acceptance of this Order by Seller is expressly limited to the following Terms and Conditions and any other terms set forth, or expressly incorporated by reference, on the front of this Order as sent by Penrod to Seller, and all additional or different terms in any invoice or other writing sent by Seller are objected to and rejected by Penrod.

1. Unless otherwise specifically provided in this Order, Seller shall (a) cause all Products to be packed and shipped in compliance with all applicable laws, and in accordance with Penrod's instructions (if any) and good commercial practice, so as to assure that no damage will result from handling, weather or transportation; and (b) cause all Products to be adequately insured and shipped F.O.B., Penrod's plant at its address set forth in this Order. Title and risk of any loss or damage to the Products shall pass from Seller to Penrod upon delivery as set forth on the front of this Order, as otherwise agreed, or upon delivery F.O.B. at Penrod's designated destination. Passing of title upon such delivery shall not constitute acceptance of the Products by Penrod or relieve Seller of any of its obligations under this Order.
2. All Products shipped must conform exactly to this Order, and substitution will not be permitted without Penrod's prior written approval. Seller shall deliver all Products and Services strictly according to any schedule specified or referred to in this Order. Products shipped in advance of schedule without Penrod's prior written approval may be returned to Seller at Seller's expense. Time is of the essence with regard to all aspects of Seller's performance.
3. Unless otherwise specifically provided in writing or in this Order, no invoice for any Products or Services shall be issued prior to shipment of such Products or performance of such Services. Payment due dates and dates relating to discount periods will be computed from the later of the date when Products are received or Services are performed, or when Penrod receives the correct invoice for them. Unless otherwise specifically provided in this Order, prices stated include all charges for packing, shipping, insurance, transportation and applicable taxes.
4. All Products to be delivered and Services to be performed shall be subject to inspection and testing by Penrod at all reasonable times and places. All Products shall be subject to final inspection, testing and acceptance by Penrod at destination, notwithstanding any prior payment, inspection or testing. No inspection, testing or acceptance or failure to inspect, test or accept by Penrod shall (a) relieve Seller from any responsibility for, or waive any rights of Penrod with respect to, nonconformity of any Products or Services with the requirements of this Order, or (b) alter or affect the obligations of Seller or rights of Penrod under applicable warranties.
5. Seller warrants that all Products when delivered, and for six months thereafter, will (a) conform to the requirements of this Order and all drawings, specifications, descriptions, samples and prototypes furnished or approved by Penrod and representations made by Seller; (b) be free from defects in materials, workmanship and design; and (c) be merchantable, and, if furnished for a particular purpose known to Seller, fit for such purpose. Seller also warrants that all Services when performed will conform to the requirements of this Order and will be performed by adequately trained and qualified personnel in accordance with highest prevailing industry standards. If Penrod determines that any Products delivered or Services performed do not conform to any applicable warranty or requirement of this Order, Penrod shall have the right to do any or all of the following (in addition to all other available rights and remedies): (i) to hold nonconforming Products for a reasonable period pending a determination to accept or reject any or all of them; (ii) to return nonconforming Products to Seller at Seller's expense, for replacement or correction at Penrod's option; (iii) to accept nonconforming Products or Services, subject to an equitable price reduction determined by Penrod; (iv) to replace or correct nonconforming

Products or Services and charge Seller all costs incurred in doing so; (v) to require Seller to replace or correct nonconforming Products or Services at no increase in price; and/or (vi) to recover by offset or otherwise any and all expenses, costs, losses and damages paid, incurred or suffered by Penrod as a result of such holding, return, replacement, correction or rejection of nonconforming Products or Services.

6. Seller shall procure and maintain (and shall cause its subcontractors to procure and maintain) workers' compensation, indemnity, hazard, liability and such other insurance as is customary in Seller's industry, or as Penrod may from time to time require.

7. Except to the extent any of the same are caused directly by the willful misconduct or gross negligence of Penrod, Seller shall defend, indemnify and hold harmless Penrod, its parent, subsidiary and affiliate companies, and their respective successors, assigns, agents, employees, officers, directors and customers, and users of the Products and/or Services, from and against any and all claims, losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees) arising out of any (a) acts or omissions of Seller, its subcontractors or agents, or their respective employees, in connection with this Order; (b) failure of Seller to perform its obligations under this Order; (c) breach of any warranty of Seller; or (d) claims or proceedings alleging violations of laws or patent or other rights by or in connection with any of the Products or Services.

8. In addition to any other available rights or remedies, Penrod may terminate or suspend this Order, in whole or in part, without any liability or further obligation to Seller, if (a) any Product or Service is not delivered or performed by the time required under, or does not otherwise conform to any applicable warranty or requirement of, this Order; (b) Seller breaches any provision of or fails to perform any of its obligations under this Order; (c) Seller is or becomes insolvent or unable to pay its debts as they become due; (d) any bankruptcy or insolvency proceeding is commenced by or against Seller; or (e) application is made for appointment of a receiver or custodian for Seller or any of Seller's property, or for an assignment for the benefit of Seller's creditors. Any termination or suspension by Penrod shall be without prejudice to any claims for damages or other rights of Penrod against Seller.

9. Seller waives and relinquishes all liens which Seller now has or may hereafter have arising out of this Order or performance of its obligations under this Order. Submission of any invoice shall constitute Seller's warranty that it has delivered to Penrod good title to all Products and Services covered by such invoice, free and clear of all liens, rights or claims of third parties, and that all labor and material for such Products and Services have been paid for. If any lien, claim or action with respect to any of the Products or any other property of Penrod (a "Lien") arises, or in Penrod's judgment is likely to arise, out of any breach of this warranty or any nonpayment or other act or omission by Seller, Penrod may (in addition to all other available rights and remedies) (a) retain the amount it deems necessary to obtain the release or settlement of such Lien from amounts otherwise due to Seller, until such Lien is released or settled to Penrod's satisfaction, or (b) make such payments and take such other actions as Penrod deems necessary or advisable to obtain the release or settlement of such Lien, and charge Seller, by offset or otherwise, all payments and costs incurred in doing so.

10. This Order and the parties' performance under it shall be controlled and governed by, and construed in accordance with, the substantive laws (as opposed to the choice of law rules) of Virginia applicable to transactions and agreements made and to be performed entirely within Virginia. Any legal action arising out of or relating to this Order or the parties' performance under it must be brought and maintained in a state or federal court of competent jurisdiction situated in either the City of Virginia Beach, Virginia, or the City of Norfolk, Virginia. Seller irrevocably consents to the exclusive jurisdiction and venue of such courts with respect to any such legal action.

11. This Order comprises the entire agreement between Penrod and Seller, and supersedes all prior agreements and understandings, relating to the purchase and sale of the Products.

12. The parties will attempt to settle all disputes, controversies or claims - whether based on contract, tort, statute, fraud, misrepresentation or any other legal theory - through good faith negotiations. If those attempts fail to resolve the dispute within forty-five (45) days of the date of initial demand for negotiations, then the parties shall try in good faith to settle the dispute by mediation conducted in Norfolk, Virginia, under the CPR Institute for Dispute Resolution Model Mediation Procedure for Business Disputes. Any remaining disputes not settled by mediation shall be arbitrated in Norfolk, Virginia, under the then current Commercial Arbitration Rules of the American Arbitration Association.