B. Seller shall furnish Buyer if requested all that information and data as may be reasonably requested by Buyer in order to perform a proper inspection and acceptance.

C. Inspection and acceptance of any Products by Buyer shall not be deemed to alter or affect the obligations of Seller or the rights of Buyer and its customers under warranties herein or as may be provided by law.

D. Buyer’s failure to inspect any of the Products shall neither relieve Seller from responsibility for such Products, nor shall it affect the requirements of the P.O. nor impose liability on Buyer therefore.

E. Any tender of Products which is non-conforming as to the quality or quantity or the delivery schedule shall constitute a breach of the P.O. and Buyer shall have the absolute right to reject such Products. Buyer shall notify Seller as to such rejection and Buyer shall have all the remedies as provided by law and P.O., including, but not limited to (i) hold such rejected Product in Buyer’s possession until such time as Buyer shall have received a replacement or correct Seller’s Products and charge to Seller the cost occasioned to Buyer thereby or require the delivery of replacements for such Products at an equitable reduction in price. If Seller fails to remove promptly such rejected Products or unless Seller corrects or replaces the Products as promptly as possible, Buyer may be entitled, as part of its remedies, to recover the cost of any of the rejected Products, plus any and all expenses or costs caused or experienced by Buyer as a result of such rejection or which may result from a series of rejections.

11. WARRANTIES. Unless otherwise provided on the face of P.O., Seller warrants that all Products delivered under P.O. shall conform to the requirements of P.O. (including all applicable descriptions, performance criteria, specifications and drawings), shall be free from defects in material and workmanship and shall, to the extent not manufacture by Buyer, meet all applicable federal, state, and local laws, rules, and regulations. Buyer’s approval of designs furnished by Seller or any approval of Seller’s “First Article” shall not relieve Seller of its obligations under this warranty. Seller’s warrants to Buyer’s customers and any subsequent owner or operator of the Products, as well as Buyer.

12. INSURANCE. Seller and its subcontractors shall maintain insurance coverage, in addition to any requirements specified on the face of P.O., of not less than the following: (a) Worker’s Compensation - Statutory Limits for the state or states in which P.O. is to be provided (or evidence of authority to self-insure); (b) Employer’s Liability - $250,000; and (c) Commercial General Liability Insurance Policy, including, but not limited to, all requirements specified on the face of P.O. (including Comprehensive General Liability (including Products/Completed Operations and Blanket Contractual Liability) - $1,000,000 per person, $1,000,000 per occurrence Personal Injury, and $1,000,000 per occurrence Property Damage, or $1,000,000 per occurrence Personal Injury and Property Damage combined single limit. All Buyer's request, Seller shall furnish to Buyer certificates of insurance setting forth the amount(s) of coverage, policy number(s) and dates) of expiration for such insurance maintained by Seller; and, if further requested by Buyer, such certificates shall be certified by an independent insurance carrier. Prior to any claim, Seller shall furnish written notification from the insurer of any termination or reduction in the amount or scope of coverage, Buyer’s purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under P.O. In the event of Seller’s breach of this provision, Buyer shall have the right to terminate P.O. for default.

13. INDEMNIFICATION. If Seller performs any work on Buyer’s premises or utilizes the property of Buyer, whether on or off Buyer’s premises, Seller shall indemnify and hold Buyer harmless from and against any liability, claims, demands or expenses (including reasonable attorney fees and costs) for damages to the property of or injuries (including death) to Buyer, its employees or any other person arising from or in connection with Seller’s performance of work or use of Buyer’s property, except for such liability, claim, or demand arising out of the sole negligence of Buyer.

14. CHANGES. Buyer may at any time, by written directive or order, make reasonable changes which shall not alter the basic nature of the work herein or the time of delivery. Changes shall be made in accordance with the terms of this Agreement. Buyer, as a result of changes ordered by Buyer, will be paid for; and (b) the actual costs of work in progress incurred by Seller in furnishing the Services or providing the Products under P.O. to the extent such costs are reasonable in amount and properly allocable or apportionable under generally accepted accounting principles. Change orders are not to be issued unless accompanied by approved drawings or specifications. Change orders shall not exceed the amount specified for the change order in the P.O. or any addendum thereto

15. TERMINATION/CANCELLATION. A. Termination for Convenience. In addition to any other rights of Buyer to cancel or terminate P.O., Buyer may at its option immediately terminate all or any part of P.O., at any time, and for any reason, by giving written termination notice to Seller. Upon such termination, Buyer shall pay to Seller the following amounts without duplication: (a) the price for all Services and Products delivered and paid for; and (b) the actual costs of work in progress incurred by Seller in furnishing the Services or providing the Products under P.O. to the extent such costs are reasonable in amount and properly allocable or apportionable under generally accepted accounting principles. Any optional terms, including, but not limited to, Buyer’s right to cancel or terminate, shall be as hereinafter set forth in the P.O. or any addendum thereto.
and general administrative burden charges from termination of P.O. Within forty-five (45) days from the effective date of termination, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit Buyer's audit, and thereafter promptly furnish such supplemental and supporting information as Buyer shall request, with or without its audit rights and/or access to all books, records, facilities, work, material, inventories, and other items relating to any terminator claim of Seller.

C. Cancellation - Default. Buyer reserves the right to cancel all or any part of P.O. without liability to Seller. If Seller: (a) repudiates or breaches any of the terms of P.O., including Seller's warranties; (b) fails to perform Services or deliver Product; as specified by Buyer; or (c) substantially fails to perform its work, so as to endanger timely and proper completion of such Product or Services; and does not correct such failure or breach within ten (10) days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach; and upon such cancellation, Buyer shall have all the rights by reason of Seller's default as provided by law. If it be found that Seller was not in default, the right and obligations of the parties shall be the same as if a Notice of Termination had been issued pursuant to Paragraph A. Seller shall promptly refund to Buyer all monies paid pursuant to such P.O.

C. Termination for Insolvency. Buyer may immediately terminate P.O. without liability to Seller in the event of the happening of any of the following or any other comparable event: (a) insolvency of Seller; (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of an involuntary petition in bankruptcy against Seller; (d) appointment of a receiver or trustee for Seller; or (e) execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment, or assignment is not vacated or nullified within fifteen (15) days of such event.

16. SETOFF. 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 affiliates; and Buyer may deduct any amounts due or to become due from Seller to Buyer and its affiliates from any sums due or to become due from Buyer to Seller.

17. REMEDIES. The rights and remedies reserved to Buyer in P.O. shall be cumulative, and additional to all other or further remedies provided in law or equity.

18. SELLER'S DATA. Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information or data of any type whatsoever which Seller hereafter discloses to, or may be disclosed to, Buyer or its agents, unless Buyer, or its agents, shall request. Buyer or its agents, shall have the right to audit and examine all books, records, facilities, work, materials, inventories, and other items relating to any claimant claim of Seller.

19. BUYER'S PROPERTY. TOOLS, CONFIDENTIALITY, SECURITY LIENS.

A. Buyer's Property. Any and all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, dies and other items furnished to Buyer under P.O., or any other materials, tooling, equipment or information made available by Seller to Buyer under P.O., or for which Seller has been reimbursed by Buyer, shall be deemed to and remain Buyer's Property. Seller shall bear the risk of loss to all such Property. Such Property shall be at all times the property of Buyer and shall be returned by Seller: (a) upon request of Buyer for any purpose other than the performance of P.O.; and shall be conspicuously marked "Property of CDTi Advanced Materials, Inc." by Seller; shall not be commingled with the property of any third person; and shall not be moved from Seller's premises without Buyer's prior written consent. Upon the request of Buyer, such Property shall be immediately released to Buyer or delivered to Buyer by Seller, either (i) FOB transport equipment 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, in which event Buyer shall pay to Seller the reasonable cost of delivery of such Property to such location. All Buyer's Property shall be returned to Buyer in good condition and free of all claims with respect thereto. Seller shall not sell, or otherwise dispose of in any manner, any or all Buyer's Property, or any or all completed or defective Products without rendering such Products unsuitable for use.

B. Tools. Unless otherwise agreed by Buyer, Seller at its own expense shall furnish, keep in good condition and repair, and make available to Buyer in a timely manner all tools, jigs, dies, gauges, fixtures, molds, and patterns ("Tools") necessary for the production of Products. If specified on the face of P.O., the cost of changes to the Tools necessary to make design and specifications changes authorized by Buyer shall be paid for by Buyer. Seller shall insure the Tools with extended coverage insurance for the full replacement value thereof. Seller grants Buyer an irrevocable option to take possession of and title to the Tools that are special for the production of the Products upon payment to Seller of the book value thereof less any amounts which Buyer has previously paid to Seller for the cost of such Tools; provided, however, that this option shall not apply if Tools are used to produce goods that are the standard stock of Seller or if a substantial quantity of like goods are being sold by Seller to others.

C. Confidentiality. Seller shall safeguard and keep secure all designs, processes, drawings, specifications, reports, data, and other technical or proprietary information and the features, characteristics, equipment, tools, patterns, dies and other items deemed proprietary to Buyer and disclosed or furnished to Seller hereunder. Unless otherwise provided herein, or authorized by Buyer in writing. Seller shall use such information and items and keep secure the confidentiality of such information and items.

D. Security Liens. Seller shall not take or permit any third party to take any security interest, lien, or other interest on Buyer's property.

20. INTELLECTUAL PROPERTY, INDEMNITY. Seller agrees (a) to defend, hold harmless and indemnify Buyer, its successors and customers against all claims, demands, losses, suits, damages, liability and expenses (including reasonable attorney fees) arising out of any suit, claim or action arising out of any infringement of, or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright or mask work right by reason of the manufacture, use or sale of the Products or Services ordered hereunder, including any infringement of, or contributory infringement, of or inducement to infringe, any United States or foreign patent, trademark, copyright or mask work right by reason of the manufacture, use or sale of the Products or Services ordered hereunder, including any infringement, or contributory infringement, of or inducement to infringe, any United States or foreign patent, trademark, copyright or mask work right infringement or the like, including claims arising out of compliance with specifications finished by Buyer; and (b) to grant to Buyer a worldwide, non-exclusive, royalty-free, irrevocable license to repair and have repaired, to reconstruct and have reconstructed the Products ordered hereunder. Seller assigns to Buyer all right, title and interest in and to all trademarks, copyrights and mask work rights in any material created for Buyer under P.O.

21. FORCE MAJEURE. Any delay or failure of either party to perform its obligations hereunder shall be excused if, and to the extent that it is caused by an event or occurrence beyond the control of such party, which such party is not responsible for, including but not limited to, acts of God, acts of terrorism, war, sabotage, labor problems (including lockouts, strikes and slowdowns), inability to obtain power, material, labor equipment or transportation, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party within ten (10) days. During the period of such delay or failure of any Services to be performed by Seller, Buyer at its option, may have the Services to be performed by Seller hereunder performed by another party without liability to Seller. If requested by Buyer, Seller shall, within ten (10) days of such request, provide adequate assurances that the delay shall not exceed thirty (30) days. If the delay lasts more than thirty (30) days or Seller does not provide adequate assurance that the delay will cease within thirty (30) days, Buyer may immediately cancel P.O. without liability.

22. RELATIONSHIP OF PARTIES. Buyer and Seller are independent contracting parties and nothing in P.O. shall be construed to make either party the agent or legal representative of the other for any purpose whatsoever, and neither party shall be liable for the debts, obligations or responsibilities of the other. Neither party shall have any authority to assume or create any obligation or responsibility on behalf of or in the name of the other party in any manner.

23. COMPOSITION OF SELLER. If Seller is comprised of more than one legal entity, each such entity shall be jointly and severally liable under P.O.

24. SUBCONTRACTING. No Products to be delivered under P.O. shall be procured by Seller from a third party in completed or substantially completed form without Buyer's written consent unless the purchase is being made from Seller in its capacity as a retailer, jobber or distributor. Seller shall not enter into a subcontract for any Services to be performed under P.O. without Buyer's written consent, or any changes or disclaimers in such subcontract or any provisions thereof shall not in any way be construed as a ratification thereof or relieve Seller of any responsibility for performing P.O.

25. SUCCESSORS OF PARTIES. P.O. shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and assigns.

26. ASSIGNED AND DELEGATED SERVICES. Seller shall assign or delegate its obligations under P.O. without Buyer's prior written consent, and any attempt to make such assignment or delegation without such consent shall be void.

27. COMPLIANCE WITH AND APPLICABILITY OF LAW. A. Federal, State and Local Laws. Seller warrants that in the performance of P.O., it will comply with all applicable Federal, state and local laws, including but not limited to any Federal Motor Vehicle Safety Standards and Regulations which may be applicable to its performance of its obligations under P.O.

B. Equal Opportunity. Buyer is an "Equal Opportunity" employer and Seller therefore shall comply with (a) all provisions of 41 C.F.R. 60-1.4, as amended, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R. 60-250, as amended, pertaining to affirmative action for disabled veterans of the Vietnam Era; and (c) all provisions of 41 C.F.R. 60-1.7, as amended, pertaining to affirmative action for handicapped workers. Seller certifies that it is in compliance with all applicable provisions of 41 C.F.R. 60-1, including but not limited to: (a) developing and presently having in force a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-1.40 as amended; (b) filing EEO-1 Reports as required by 41 C.F.R. 60-1.7, as amended; and (c) neither maintaining segregated facilities non-discriminatory hiring practices at all plants and locations at which P.O. 60-1.8-16, as amended. Buyer requests that Seller adopt and implement a policy to extend employment opportunities to qualified applicants and employees on an equal basis regardless of an individual's age, race, color, religion, sex, sexual orientation, gender identity, or national origin.

28. NONWAIVER. The failure of either party at any time to require performance by the other party of any provision of P.O. shall not in any way affect the right to require such performance at any time thereafter, nor shall the waiver by either party of a breach of any provision of P.O. constitute a continuing waiver or waiver of a right or similar breach.

29. SEVERABILITY. If any term or provision hereof is declared void or unenforceable or becomes unlawful in its operation under any statute, regulation, ordinance, executive order or other rule of law, such term or provision shall be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of P.O. shall continue to be binding and remain in full force and effect.

30. ADVERTISING. Seller shall not, without first obtaining the written consent of Buyer, in any manner test markets or publish any advertising or promotional materials that contain or reflect the Products or Services ordered hereunder, or use any trademarks or trade names of Buyer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to cancel this Agreement for default.

31. TAXES. All prices herein, unless otherwise provided, include all applicable Federal, state and local taxes as may be assessed against Seller except those sales or use taxes required by law to be paid by Buyer.

32. GOVERNING LAW. P.O. shall be construed in accordance with and governed by the laws of the State of California including the California Uniform Commercial Code.