

**CDTi Advanced Materials, Inc.**  
**STANDARD PURCHASE ORDER TERMS AND CONDITIONS**  
**(PRODUCTS-COMMERCIAL)**

- 1. DEFINITIONS AND EXPLANATION.** "Buyer" means CDTi Advanced Materials, Inc., "Seller" means the party with whom Buyer is contracting and any reference to "vendor" or "subcontractor", or "supplier" shall also mean Seller. The words "Purchase Order" ("P.O.") means the name of the instrument of contracting, including all documents, exhibits and attachments referenced thereon, and once accepted by Seller as herein provided shall constitute the entire agreement between Buyer and Seller for the sale and purchase of those goods, supplies, materials, articles, items, parts, components or assemblies ("Products") and/or for the services ("Services") of Seller, as described herein.
- 2. ACCEPTANCE OF ORDER.** P.O. is Buyer's offer to Seller. Seller's acceptance is expressly limited to the terms of P.O., and Buyer hereby objects to any additional or different terms in Seller's acceptance. Seller accepts P.O. as written by executing and returning to Buyer the acceptance or acknowledgement copy of P.O., or by beginning performance.
- 3. ENTIRE AGREEMENT P.O.,** together with any attachments, exhibits, or supplements, specifically referenced in P.O., constitutes the entire agreement between the Buyer and Seller pertaining to the subject matter hereof and supersedes all prior oral or written agreements.
- 4. MODIFICATION.** No modification of P.O. (including any additional or different terms in Seller's acceptance) shall be binding on Buyer unless agreed to in writing and signed by Buyer.
- 5. PACKING AND SHIPPING.** Unless otherwise provided on the face of P.O., the following provisions shall apply to all shipments, Seller shall: (a) route shipments in accordance with instructions from Buyer; (b) prepare all Products for shipment to prevent damage or deterioration, secure lowest lawful transportation rates, and comply with carrier classifications and tariffs; (c) make no charge for handling, packing, storage, transportation or drayage of Products unless otherwise stated in P.O.; (d) number and mark each container consecutively with the applicable Order and part number; (e) indicate the container and P.O. number(s) on the applicable bill of lading; (f) place inside the No. 1 container, one copy of the packing sheet showing P.O. number(s), and attach, also, one copy to the outside of the container; (g) forward freight collect when Products are sold FOB place of shipment, except for Parcel Post, United Parcel Service, and Buyers truck; (h) request that the shipper include on shipper's invoice to Buyer the appropriate P.O. number(s); and (i) promptly forward the original bill of lading or other shipping receipt for each shipment in accordance with Buyer's instructions.
- 6. PERFORMANCE, DELAY.** Time is of the essence in the performance of P.O.
- A. Delivery. Deliveries shall be strictly in accordance with the quantities and schedules specified in P.O. For orders of Products where quantities and delivery schedules are not specified, Seller shall deliver Products in such quantities and times as Buyer may direct in subsequent releases. If at any time it appears to Seller that it may not meet such schedule for any reason, including labor disputes, Seller shall immediately notify Buyer by verbal means (to be confirmed in writing) of the reasons for and the estimated duration of such delay. If requested by Buyer, Seller shall make every effort to avoid or minimize the delay to the maximum extent possible including the expenditure of premium time and shipping via air or other means of fast transportation. Any additional cost caused by these requirements of Buyer shall be borne by Seller, unless the delay in performance arises out of causes beyond the control and without the fault or negligence of Seller within the meaning of the FORCE MAJEURE clause herein. The foregoing requirements are in addition to any of Buyer's other rights and remedies as may be provided by law or P.O.
- B. Title and Risk of Loss. Unless otherwise specified herein, title to and risk of any loss or damage to the Products shall pass from Seller to Buyer FOB Buyer's plant. Passing of title upon such delivery shall not constitute acceptance of the Products by Buyer nor relieve Seller of any of its obligations hereunder.
- 7. INVOICE AND PAYMENT.** Unless otherwise specified, a separate invoice shall be issued for each shipment. No invoice shall be issued prior to shipment of Products. No payment will be made prior to receipt of Products and correct invoice, and Buyer reserves the right to delay payment until the Products have been accepted. Payment due dates, including discount periods, will be computed from date of receipt of Products and correct invoices (whichever is later). Unless freight and other charges are itemized, any discount taken will be taken on the full amount of invoice. Buyer has the right, without loss of discount privileges, to pay invoices covering Products shipped in advance of the schedule on the normal maturity after the date specified for delivery. Any payment shall not constitute acceptance of the Products. On its invoice or in any other form satisfactory to Buyer, Seller shall submit certification that the Products and Services covered by P.O. were produced and performed in compliance with the applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued in connection therewith. Buyer may withhold payment pending receipt of evidence, in such form and detail as Buyer may direct, of the absence of any liens or encumbrances and claims on the goods or services under P.O.
- 8. PRICE WARRANTY.** Seller warrants that the price of the ordered Products does not exceed the price charged by Seller to any other customer purchasing the same Products in like or smaller quantity, and under similar conditions of purchase.
- 9. QUALITY CONTROL.** In accordance with the specific requirements of P.O., Seller shall provide and maintain a quality control system acceptable to Buyer covering the Products hereunder. Records of all inspection work by Seller shall be kept complete and available to Buyer during the performance of P.O. and for such longer period as may be specified elsewhere in P.O. Authorized representatives of Buyer shall be entitled to enter the plant of Seller at all reasonable times for the purpose of maintaining liaison between the quality control systems and the Product production program, to review Seller's manufacturing and processing plant and records and to conduct preliminary inspections and tests of the Products and work in process. (A like provision giving Buyer the right to enter the plants of Seller's subcontractors and suppliers shall be included by Seller in its subcontracts and purchase agreements.)
- 10. INSPECTION, ACCEPTANCE AND REJECTION.**
- A. All Products are subject to (1) inspection during manufacture, (2) inspection prior to shipment and (3) final inspection and acceptance at destination, notwithstanding the FOB point or any payment or prior inspection at source. Final inspection will be made at a reasonable time after receipt of Products.
- 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 as are not in accordance with the requirements of P.O. nor impose liability on Buyer therefore
- E. Any tender of Products which is nonconforming as to the quality or quantity or the delivery schedule shall constitute a breach of 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 Products or return same to Seller at Buyer's election and at Seller's risk and expense; (ii) replace 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 defective Products within the time required by the delivery schedule, and (iii) to recover by offset or otherwise any and all damages, expenses or costs caused to 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 manufactured pursuant to detailed designs furnished by Buyer, be free from defects in design and fit for the intended purposes. 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 warranties shall be enforceable by Buyer's customers and any subsequent owner or operator of the Products, as well as by 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 performed (or evidence of authority to self-insure); (b) Employer's Liability - \$250,000; and (c) 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. At 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 will provide that Buyer shall receive thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverage. Seller's purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of its obligation 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) for damages to the property 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 within the general scope of P.O., in anyone or more of the following: (i) drawings, designs or specifications, (ii) increases in quantities, (iii) method of shipping or packing, (iv) inspection, testing and quality control, and (v) delivery schedules, and (vi) amount of Buyer-furnished property; and Seller agrees to promptly make such changes. If any such change causes an increase or decrease in the cost of or in the time required for any part of the work under P.O., an equitable adjustment shall be made by Buyer in the price paid to Seller or in the delivery schedule, as appropriate after receipt by Buyer of such documentation in such form and detail as Buyer may direct, and P.O. shall be so modified in writing. Unless otherwise agreed, any claim by Seller for adjustment under this clause must be asserted within thirty (30) days from the date of the receipt by Seller of such written change. Buyer has the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim. Nothing in clause shall excuse Seller from proceeding with P.O. as changed, including failure of the parties to agree upon any adjustment to be made under this clause. Where the cost of Products or property made obsolete or excess as a result of a change is included in Seller's claim of adjustment, Buyer shall have the right to prescribe the manner of disposition of such Products or property.
- 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 which have been completed in accordance with P.O. and not previously paid for; and (b) the actual costs of work in process 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 to the terminated portion of P.O.; less, however the reasonable value or cost (whichever is higher) of any goods or materials used or sold by Seller with Buyer's written consent, and the cost of any damaged or destroyed goods or material. Payments made under this Paragraph shall not exceed the aggregate price payable by Buyer for Services to be provided by Seller under P.O. as of the date of termination nor the total price to be paid to Seller for the Services and Products. Except as provided in this Paragraph Buyer shall not be liable for and shall not be required to make payments to Seller, directly or on account of claims by Seller's subcontractors, for loss of anticipated profit unabsorbed overhead, interest on claims, product development and engineering costs facilities and equipment rearrangement costs or rental, unamortized depreciation costs

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 shall thereafter promptly furnish such supplemental and supporting information as Buyer shall request. Buyer or its agents, shall have the right to audit and examine all books records, facilities, work, material, inventories, and other items relating to any terminator claim of Seller.

- B. 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) fails to make progress so as to endanger timely and proper completion of such Products 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 Termination for Convenience of this clause.
- 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 shall have disclosed or may hereafter disclose to Buyer in connection with Products or Services covered by P.O., and Seller shall not otherwise be restricted in its use or disclosure of such information or data.

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

- A. Buyer's Property. Any and all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer, either directly or indirectly, to Seller under P.O., or for which Seller has been reimbursed by Buyer, shall be deemed to be and remain Buyer's Property. Seller shall bear the risk of loss to all such Property. Such Property shall at all times be properly housed and maintained by Seller; shall not be used by Seller 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 Seller or with that of a 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 the condition it was received by Seller, except for reasonable wear and tear. Buyer shall have the right to enter onto Seller's premises at all reasonable times to inspect such Property and Seller's records with respect thereto. Seller shall not sell, or otherwise dispose of as scrap or otherwise, any completed or partially 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 replace when necessary 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 of all parts, equipment, tools, gauges, patterns, 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 the features thereof, only in the performance of P.O.
- 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 for actual or alleged direct 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 herein, including infringement arising out of compliance with specifications furnished by Buyer, or for actual or alleged misuse or misappropriation of trade secrets resulting directly or indirectly from Seller's actions; (b) to waive any claims against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, in any way related to a claim asserted against Seller or Buyer for patent, trademark, copyright or mask work right infringement or the like, including claims arising out of compliance with specifications finished by Buyer; and (c) 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 reasonable control of the party and without its fault or negligence, such as, by way of example and not by way of limitation, acts of God, actions by a governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, nature disasters, wars, 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, provided that Buyer's approval of any 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. ASSIGNMENT AND DELEGATION.** Seller shall not 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. 60-741, 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 full force and effect 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 nor permitting its employees to perform services at segregated facilities as prohibited by 41 C.F.R. 60-1.8, 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 of 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 advertise or publish the fact that Seller has contracted to furnish the Products or Services herein ordered, 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.