

DURAFLEX, INC. - SUPPLIER PURCHASE ORDER TERMS AND CONDITIONS

1. **PARTIES AND APPLICATION.** The parties are Seller and Buyer. "Buyer" is Duraflex, Inc. and "Seller" is the party selling product(s) ("Products") to Buyer. Hereafter, these terms and conditions and the order documents (the "Order") are collectively the "Agreement". This Agreement is incorporated into the transaction described in the Order. It is agreed that all sale(s) of Products by Seller to Buyer are made pursuant to these terms and conditions. Any acceptance of this offer of Buyer to purchase must and shall be construed as being expressly limited to the terms and conditions herein. Therefore, notwithstanding any different, conflicting or additional terms or conditions which may appear on any document or business form submitted by Seller, such different, conflicting or additional term(s) shall not be construed to become a part of the agreement and contract between Seller and Buyer.
2. **ACCEPTANCE, MODIFICATION AND CHANGES.** The Order must be accepted by Seller in writing. If, however, Seller fails to accept said Order in writing, any conduct by Seller which recognizes the existence of an agreement pertaining to the Order shall be construed to constitute an acceptance by Seller of the Order and this Agreement. Any terms or conditions proposed in Seller's acceptance of the Order which are different from the terms and conditions herein are hereby rejected and shall not be construed to be a part of the Order. Any reference in the Order to Seller's proposal shall not include any terms and conditions attached to such proposal or referred to therein. This Agreement may not be amended, changed or modified except by a writing signed by Buyer and Seller. Buyer may at any time, by notice to Seller, cancel the Order, change the quantities, or make changes within the general scope of the Order in any one or more of the following: (i) drawings, designs, or specifications; (ii) method of shipment or packing, and/or (iii) time and/ or place of delivery. If any such change causes an increase or decrease in the cost of or the time required for performance of the Order, an equitable adjustment shall be made in the price or delivery schedule, or both, and the Order shall be modified in writing accordingly. No claim by Seller for adjustment shall be valid unless asserted within two (2) business days from the date of receipt by Seller of the notification of change; provided, however, that such period may be extended upon the written approval of Buyer.
3. **PRICES AND PAYMENT.** Seller agrees that the price(s) in the Order is (are) firm and not subject to increase. Invoices shall contain the following information: Purchase Order number, item number, quantities, unit prices and extended totals. Payment of an invoice shall not constitute acceptance of the Products and shall be subject to adjustment for errors, shortages, defects in the Products, or other failure of Seller to meet the requirements of the Order. Payment due dates and terms, including discount periods and Unacceptable Products, will be computed from the actual date of receipt of Products passing final Buyer inspection (as outlined in clause 5) or actual date of receipt of correct invoice, whichever is later. Buyer may at any time set off any amount owed by Buyer to Seller against any amount owed by Seller to Buyer. Buyer shall be liable for the payment only of those sales taxes, if any, which Seller is required by law to collect from Buyer. All such taxes shall be stated separately on Seller's invoice.
4. **TIME IS OF THE ESSENCE.** Deliveries must be received on the date(s) and at the destination(s) specified in the Order. If delivery is not completed within the time(s) and/or at the place(s) specified, Buyer reserves the right, without liability and in addition to its other rights and remedies, to cancel the entire or that part of the Order not delivered, or to extend the time of payment. If timely delivery is endangered by Seller, Buyer shall have the right to direct Seller to make shipment by the most expeditious means and the cost of such shipment shall be borne by Seller. Buyer will pay only for quantities ordered. Overshipments are not permitted unless specifically authorized in writing by the Buyer.
5. **INSPECTIONS, UNACCEPTABLE PRODUCTS, RETURNS AND PACKING.** All Products shall be subject to final inspection and acceptance by Buyer at destination within a reasonable time after receipt. Buyer shall have the right to reject any Products that do not meet the requirements of the Order, and/or in the opinion of Buyer, do not meet the quality standard and/or specifications set forth in the Order ("Unacceptable Products"). Buyer may refuse to accept delivery of any/all Unacceptable Products. Seller shall accept any Unacceptable Products for return, for full credit and with freight paid by Seller. All Products shipped under an Order from Buyer shall be packed in a commercially reasonable manner suitable for the goods shipped and so as to secure the lowest transportation rates. Seller shall mark all containers with necessary handling and shipping information. An itemized packaging sheet must accompany each shipment to Buyer.
6. **FREIGHT, TITLE AND RISK OF LOSS.** All shipments are FOB Shipping Point. All risk of loss of or damage to any Products shall pass from Seller to Buyer upon Seller's delivery of such Products to the carrier designated in the shipping instructions given to Seller or to a carrier reasonably selected by Seller if such shipping instructions do not designate a carrier for shipment. Any charges by a carrier at destination for spotting, switching, demurrage or other services shall be paid by Buyer.
7. **TERMINATION.** (A) Buyer may terminate the Order, in whole or in part, at any time by written notice. Upon such termination Seller shall, to the extent specified by Buyer, stop all work on the Order. Charges for such termination shall be limited to actual, non-recoverable costs incurred by Seller which Seller can demonstrate were incurred prior to

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the date of termination. In no event shall Buyer be required to reimburse Seller for Products in excess of those required to meet the delivery schedule. Within 5 days from termination Seller may submit to Buyer its claim for termination charges. Failure to submit such claim shall constitute a waiver of all claims and a release of Buyer's liability arising out of such termination. Buyer shall pay Seller the amount due for Products delivered prior to termination and, in addition, shall pay the following: (i) the contract price for all Products completed in accordance with the Order and not previously paid for; and (ii) the cost of paying claims to Seller's suppliers for work and materials directly allocable to the Products terminated. Buyer shall not be responsible for payment of any charges for terminating the Order for Products for which there are alternate customers. Buyer shall not be responsible for any commitments made by Seller in advance of those necessary to comply with the delivery schedules set forth in the Order. The total of payments made by Buyer under this paragraph shall not exceed the aggregate price for all Products specified in the Order, less payments already made. Upon payment of a valid claim of Seller, Buyer shall be entitled to all goods, materials and work in process. IN NO EVENT SHALL SELLER BE ENTITLED TO NOR SHALL BUYER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, COSTS OF PREPARING CLAIMS, COSTS OF TOOLING OR EQUIPMENT, OR ANY OTHER EXPENSES OR DAMAGES ARISING OUT OF THE ORDER OR WITH RESPECT TO THE TERMINATED ORDER. (B) Buyer may, by written notice, terminate the Order, in whole or in part, if Seller: (i) fails to make delivery of the Products within the time or at the destination specified; or (ii) fails to replace or correct defective or Unacceptable Products in accordance with the provisions of the "Warranty" paragraph below; or (iii) fails to make progress so as to endanger performance in accordance with the terms of the Order; or (iv) becomes insolvent, files or has filed against it a petition in bankruptcy, or makes an assignment for the benefit of creditors. In the event of such termination, Seller shall transfer title and deliver to Buyer, to the extent directed by Buyer: (i) any completed Products, and (ii) such partially completed Products, and (iii) all drawings, information, and contract rights as Seller has produced or acquired for the performance of the Order. Prices for such items shall be negotiated; however, they shall not exceed the Order price per type of Products.

8. WARRANTY. Seller warrants that all Products furnished hereunder shall: (i) be free from defects in workmanship, material, and manufacture; (ii) comply with the requirements of the Order; (iii) perform as represented by Seller (even if such representations do not appear in the Order, notwithstanding the provisions of Paragraph 9 hereof; (iv) be merchantable and fit and sufficient for the use intended by Buyer; and (v) be free and clear of any lien or other claim against title. The foregoing are in addition to all other warranties, expressed or implied, and shall survive any delivery, inspection, acceptance, and payment by Buyer. Buyer's approval of Seller's material or design shall not relieve Seller of the warranties set forth herein. Seller's warranty shall be effective for a period of one (1) year from the date of Buyer's acceptance. This warranty shall run to Buyer's customers and users of the Products. If any Products furnished hereunder do not meet the warranties specified herein, Buyer may, at its option: (i) require Seller to correct, at no cost to Buyer, any defective or nonconforming Products by replacement; or (ii) return such defective or nonconforming Products at Seller's expense to Seller and recover from Seller the Order price thereof; or (iii) correct the defective or nonconforming Products and charge Seller with the cost of such correction. The foregoing remedies are in addition to all other remedies at law or in equity or under the Order and shall not be deemed to be exclusive.

9. ENTIRE AGREEMENT. This Agreement, together with any requirements, specifications, schedules, drawings/sketches or amendments referred to herein or attached hereto by Buyer, sets forth the complete agreement between the parties, and supersedes any prior or contemporaneous communication(s) relating to its subject matter. Any reference to any proposal, quotation or other communication by Seller shall be deemed to be limited to the description of the Products and to be limited by the terms of this Agreement and shall not be a part of the Agreement if inconsistent with any term herein.

10. NOTICES. Any notice given under this Agreement shall be in writing and mutually agreed upon and signed by both parties. The content of any notice, or any other communication, from Seller shall not be construed as a modification of these terms and conditions unless such communication is specifically acknowledged by the Buyer, in writing, as a modification or amendment hereto.

11. CHOICE OF LAW, SEVERABILITY & VENUE. This Agreement and each transaction described in the Order shall be construed and interpreted only under the laws of the State of Illinois. If any provision of this Agreement shall be determined invalid, only the portion of that provision shall be construed ineffective without invalidating the remainder of such provision or the remainder of the Agreement. In the event that any dispute relating to this Agreement or the transaction described in the Order shall result in judicial action, it is agreed that the venue for such action shall be the federal courts located in Chicago, Illinois, providing sufficient jurisdiction shall exist; and, if not, then the venue shall be the state courts located in McHenry County, Illinois.

12. ATTORNEY'S FEES. If any legal action is initiated by either party, the party in whose favor judgment shall be entered shall be entitled to recover from the other party all costs and expenses (including attorney's fees) incurred in such action, including all such costs and expenses of any appeal therefrom.