



Engineered Flexible Products, Inc. Terms of Purchases

1. **ACCEPTANCE** Buyer offers to purchase the goods (Goods) described on the face of this Purchase Order. The Purchase Order may be accepted by (a) Seller's signature and return of the attached acknowledgment copy, or (b) the shipment of Goods by Seller. Acceptance is expressly limited to these terms. Any term in any form of Seller received by Buyer which is inconsistent with, additional to, or different from these terms is expressly rejected and shall not be applicable to the sale or shipment of the Goods.
2. **PRICES AND PAYMENT** The prices set forth on the face of this Purchase Order are firm and irrevocable by Seller. Unless otherwise provided on the face of this Purchase Order, payment terms are net 30 days after delivery and acceptance of the Goods by Buyer.
3. **TAXES** Unless otherwise provided in this Purchase Order, the purchase prices provided on the face of this Purchase Order shall include all federal, state, and local taxes or charges of any kind or nature what so ever which may be applicable to the manufacture, use, or sale of Goods. **SHIPMENT OF GOODS AND RISK OF LOANS (A)** All Goods shall be packed, marked, and shipped in containers which are suitable for the Goods and are in accordance with the requirements of the carrier or as directed by Buyer. Shipment shall be made in the quantities and at the times specified by Buyer. Any Goods not shipped by Seller or received by Buyer in accordance with these terms may be rejected by Buyer without liability to Buyer. Buyer assumes no obligation for Goods shipped in excess of the quantities specified in the Purchase Order.
4. **SHIPMENT OF GOODS AND RISK OF LOANS (A)** All Goods shall be packed, marked, and shipped in containers which are suitable for the Goods and are in accordance with the requirements of the carrier or as directed by Buyer. Shipment shall be made in the quantities and at the times specified by Buyer. Any Goods not shipped by Seller or received by Buyer in accordance with these terms may be rejected by Buyer without liability to Buyer. Buyer assumes no obligation for Goods shipped in excess of the quantities specified in the Purchase Order. **(B)** Unless otherwise specified on the face of this Purchase Order, all sales are F.O.B. Buyer's place of business. Seller shall be fully responsible for the Goods and bear all risk of loss or damage until they are delivered to the designated destination. In the sale is made F.O.B. shipping point, Seller shall be liable for any loss or damage claims which are declined by the carrier when the loss or damage is caused by Seller's failure to comply with packing, loading, or other similar requirements of Buyer of the carrier. Seller shall bear all risk of loss of or damage to Goods after Buyer's written notice to Seller of their rejection of cancellation of this order. When freight cost is to be borne by Buyer and Buyer does not specify manner of shipment, Goods shall be shipped in a manner to secure the lowest transportation costs. **(C)** Buyer, from time to time, may change shipping schedules or direct that Seller temporarily suspend any shipments.
5. **DELAYS** Time is of the essence of this order. If delivery of Goods is not made by the scheduled delivery date, if any, provided on the face of this Purchase Order, then Buyer may cancel this order and obtain the Goods elsewhere, or may accept late performance or delivery and, in either case, Seller shall be liable to Buyer for any loss or damage caused by Seller's failure to make timely performance or delivery including, without limitation, consequential and incidental damages and cost of obtaining, replacement goods.
6. **INSPECTION AND REJECTION OF GOODS (A)** All Goods shall be received by Buyer subject to Buyer's inspection and right of rejection. Goods shall not be considered accepted until, on inspection, testing, or use, they are found to be in accordance with Buyer's specifications. **(B)** If any Goods are defective in material or workmanship of otherwise not in conformity with Buyer's specification, Buyer, in addition to any other rights which it may have under warranties or otherwise, shall have the right to reject the goods in whole or in part. Rejected Goods shall be held by Buyer at Seller's risk for a reasonable time after their rejection and shall be returned or disposed of at Seller's expense according to Seller's instruction. No Goods returned shall be replaced by Seller without written authorization from Buyer.
7. **INSTALLATION SERVICE** Unless otherwise specified on the face of this Purchase Order, Seller, at no extra cost to Buyer, shall install any Goods at the location designated by Buyer and shall make any adjustments which are necessary or appropriate to cause any Goods to operate properly as installed. Seller shall promptly fill Buyer's orders for spare and replacement parts or



assemblies throughout the useful life of the Goods, as determined by Buyer.

8. **TOOLS AND MATERIALS** (A) Buyer shall retain title to any technical information, trade secrets, samples, drawings, blueprints, patterns, dies, molds, tools, plates, cuts, gauges, items, and materials furnished or paid for by Buyer in connection with this order. Seller agrees to hold all information disclosed by Buyer in confidence and to take all reasonable precautions to maintain its confidentiality. Any tangible items shall be held at Seller's risk and if lost, damaged, or destroyed shall be replaced by Seller without charge to Buyer. The item shall be used exclusively in the production of the Goods, and their use for any other purpose is prohibited unless previously approved by Buyer, in writing. The items are subject to removal by Buyer from Seller's premises on demand, without cost to Buyer. (B) Any material furnished by Buyer to Seller in connection with this order for which no invoice is issued shall be deemed as held by Seller upon consignment for Buyer. Seller shall pay for any material spoiled by it or for which Seller does no otherwise satisfactorily account. (C) In all other cases, any special technical information, drawings, blueprints, patterns, dies, molds, tools, plates, cuts, and gauges necessary for the design, production, or manufacture of the Goods shall be furnished by and at the expense of Seller. The cost of changes in such items caused by design or specification changes of Buyer shall be at Buyer's expense. The items shall be maintained by Seller, held at Seller's risk and repaired or replaced by Seller when necessary without expense to Buyer. However, Buyer shall have the option to purchase and take possession of any item upon payment to Seller of their unamortized cost.
9. **WARRANTIES** In addition to all warranties which may be provided by Seller outside of this Purchase Order or otherwise by law, Seller warrant that all Goods furnished under this Purchase Order shall (a) be free from defects in design, material, manufacture, and workmanship, (b) conform to drawings, plans, specifications, samples, or other descriptions furnished, specified, accepted, or approved by Buyer, and (c) be merchantable and fit for the particular purposes intended. Seller also warrants that is conveying good title to Buyer, free from any liens and encumbrances and no person has any rightful claim of infringement or violation of proprietary rights with respect to Goods. These warranties, including warranties provided by law, shall benefit Buyer and its successors, assigns, customers and employees and shall survive acceptance of Goods.
10. **PATENTS** (A) Seller shall indemnify and hold harmless Buyer and its successors, assigns, and customers from any suits, actions, claims, demands, damages, cost, and expenses (including attorney's fees) arising out of any actual or claimed infringement of any United States or foreign patents in the manufacture, use, or sale of the Goods. (B) If the Goods are protected by patents owned by Seller and a decree or judgment has been entered by any court holding any patent or its claims invalid, or so limited in scope as to impair its protection commercially, Buyer may cancel this order or any contract resulting from acceptance of this order.
11. **TECHNICAL INFORMATION** Seller agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information which Seller shall have disclosed or may disclose to Buyer in connection with Goods.
12. **INSURANCE** Seller shall procure and maintain in full force and effect, at its expense, product liability, completed operations, and other insurance which is customary for similar sellers in the industry.
13. **INDEMNITY** Seller shall indemnify and hold harmless Buyer and its directors, officers agents, and employees from any claims, actions, liabilities, judgments, losses, attorney's fees and expenses relating to any and all damages (including, without limitation, injury to or death of persons and damage to property) suffered by any persons or property arising out of or incidental to (a) Seller's furnishing of the Goods, (b) the improper design, selection, or use of Goods or parts and (c) negligence in the manufacture or installation of Goods or parts. This indemnity and all other agreements of indemnity between Buyer and Seller shall survive the acceptance of the Goods.
14. **TERMINATION, MODIFICATION, OR CANCELLATION** (A) Buyer reserves the rights to cancel this Purchase Order or any contract formed by the acceptance of this Purchase Order if (i) Seller fails to make deliveries of Goods on or before the date specified on the face of this Purchase Order or if no date is specified then within a reasonable time period or (ii) Seller breaches any terms of this Purchase Order. (B) Buyer may cancel this order without liability of any kind to Seller: (i) in the event of any proceedings by or against Seller, voluntary or involuntary, in bankruptcy or insolvency, or for the appointment of a receiver or Trustee, or an assignment for the benefit of creditors; (ii) if Seller is unable to pay its debts in the regular course of business; or (iii) if Seller's net liabilities exceed its net assets.



15. **GOVERNMENTAL REGULATION** Seller warrants that all Goods shall comply with all applicable federal, state, and local law, orders, and regulations, including without limitation, the Fair Labor Standards Act of 1938, as amended, the Consumer Product Safety Act, the Occupational Safety and Health Act, and Illinois Department of Labor Safety Regulations. The terms of Section 202 of Executive Order 11246, as amended, replaced, or superseded from time to time, are expressly made a part of this Purchase Order as if they were repeated at length in it and all reference to "contractor" shall be deemed to refer to and bind Seller. Seller warrants that the prices for the Goods covered by this Purchase Order do not constitute discrimination under the Robinson-Patman Act or any similar legislation. Seller shall supply Buyer from time to time with any certificates, in the specified form, as may be required by any applicable law, order, or regulation or as Buyer may deem necessary or appropriate to establish Seller's compliance with any applicable law, order, or regulation.

16. **GENERAL** Any notice, consent, demand or submission required from any party shall be in writing and delivered to the parties at the addresses set forth on the face of this Purchase Order, or at such addresses as they designate in writing. Mailing by registered or certified mail, postage prepaid, return receipt requested, shall also be deemed sufficient service. The remedies of each party shall be cumulative and additional to any other or further remedies proved in law or equity, including remedies for incidental or consequential damages. This Purchase Order contains the entire agreement between the parties, and may be modified only by a writing signed by the party against whom the writing is to be enforced. This Purchase Order shall be governed by the construed according to the laws of the State of Illinois. The validity or unenforceability of any provision of this Purchase Order shall not affect any other provision and such invalid or unenforceable provision shall be considered stricken from this Purchase Order. The failure of any party to insist in any instance upon performance of any term of this Purchase Order shall not be construed as a waiver of any rights or the future performance of such terms. Buyer shall be entitled to collect from seller all costs and expenses including reasonable attorney fees incurred by Buyer in any suit or proceeding to enforce the terms of this Purchase Order. Any action or suit by Buyer arising in any way from this Purchase Order may be commenced at any time within 4 years from date on which the cause of action occurs.