

TERMS AND CONDITIONS OF SALE

1. Acceptance. ACCEPTANCE BY BUYER OF SELLER'S PROPOSAL IS EXPRESSLY LIMITED TO ASSENT TO THE TERMS STATED ON HEREIN, EITHER BY WRITTEN AGREEMENT OR BY CONDUCT BY BUYER THAT RECOGNIZES THE EXISTENCE OF A CONTRACT WITH RESPECT TO THE GOODS DESCRIBED HEREIN.

2. The Agreement. The agreement between Seller and Buyer (the "Contract") with respect to the sale of products, tooling and services described herein (the "Goods") shall consist of the terms appearing herein, together with any additions or revisions of such terms mutually agreed to in writing by Seller and Buyer. Seller shall not be bound by any additional or different terms, whether printed or otherwise, in Buyer's purchase order or in any other communication from Buyer to Seller unless specifically agreed to in advance by Seller in writing. The contract shall be for the benefit of Seller and Buyer and not for the benefit of any other person. Prior courses of dealing, trade usage and oral agreements not reduced to writing signed by Seller, to the extent they modify, add to or detract from the contract, shall not be binding on Seller. Only Seller's chief executive officer, president, vice presidents, or chief financial officer shall have the authority to execute any such written agreement modifying, adding to, or detracting from this contract.

3. Termination or Modification. The contract may be modified or terminated only upon Seller's written consent. If all or part of the sales contract is terminated, Buyer, in the absence of contrary written agreement with Seller shall pay termination charges based upon expenses and costs incurred in the production of the goods to the date such termination is accepted by Seller plus a reasonable profit, except that any goods completed on or prior to Seller's acceptance of such termination shall be accepted and paid for in full by Buyer. If any term or condition of this contract is deleted or modified by operation of law, all remaining terms and conditions shall remain in full force and effect.

4. Terms of Payment. Payment terms are net thirty (30) days from date of invoice, which shall be issued contemporaneous with shipment unless otherwise provided in the contract. Payment of all sums due under this contract shall be in United States currency only. If a shipment is delayed by Seller at request of Buyer, payment therefore shall become due on the date when Seller is prepared to make shipment thereof. All quoted prices are EXW (Ex Works) Trelleborg Sealing Solutions Paso Robles, CA or Tustin, CA or Elk Rapids, MI USA at Seller's shipping point, unless otherwise stated in the contract. Seller may require full or partial payment in advance of component manufacture or delivery at Seller's option, whenever in its sole opinion the financial condition or location of Buyer so warrants. Seller shall have a security interest in all tools, molds, dies, and other personal property of Buyer which come into the possession of Seller, as security for all sums owing from Buyer to Seller from time to time. After due date, a monthly finance charge of one and one-half percent (1 1/2%) which is an annual percentage rate of eighteen percent (18%), or the maximum lawful rate in the State of California, whichever is less, may be charged on the unpaid balance of any invoices.

5. Taxes. Sales, use, occupation, excise, and other taxes upon the production, sale or use of the Goods are not included in the price and such taxes or any costs in connection therewith, wherever levied and whether imposed before or after payment of invoice, shall be paid by Buyer.

6. Delivery. Promises of delivery from stock are subject to prior sale. Delivery dates are not guaranteed, but are estimated on the basis of immediate receipt by Seller of all information to be furnished by Buyer and the absence of delays, direct or indirect, resulting from, or contributed to by circumstances beyond Seller's reasonable control. Seller shall in good faith endeavor to meet estimated delivery dates. Seller may ship as a completed order overages or underages to the extent of ten percent (10%) of quantity ordered. Seller shall not be responsible for claims for error in quantity or weight not made within fifteen (15) days after Buyer's receipt of Goods.

7. Risk of Loss. Buyer assumes all risk of loss of such Goods upon delivery by Seller to Carrier at Seller's shipping point.

8. Limited Warranties. Seller's Goods (including without limitation, technical assistance, and information, whether oral or written, including, any suggested formulations, recommendations or other services) are provided without warranty except as follows. Seller warrants that the Goods to be delivered hereunder shall conform to Buyer's specifications for the Goods designated herein. SELLER MAKES NO OTHER WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN PARTICULAR, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING EXCLUSION, IF THE GOODS ARE MADE ACCORDING TO BUYER'S SPECIFICATIONS, SELLER DOES NOT WARRANT THE ADEQUACY OF SUCH SPECIFICATIONS OR THAT THE GOODS WILL PERFORM IN ACCORDANCE WITH SUCH SPECIFICATIONS. Seller's sale obligation under the foregoing warranties will be limited to either, at Seller's sale option, replacing or repairing nonconforming Goods or refunding the purchase price for such Goods theretofore paid by Buyer, and Buyer's exclusive remedy for breach of any such warranties will be enforcement of such obligation of Seller. It is imperative that Buyer thoroughly test Seller's components, technical assistance and information, and independently conclude to Buyer's own satisfaction whether or not the Goods provided by Seller are suitable for Buyer's intended use and application. If the manner in which Seller's Goods are used by Buyer as an end user requires governmental approval or clearance, Buyer alone must obtain such governmental approval or clearance. These warranties will not extend to Goods subject to misuse, neglect, accident, or improper installation or maintenance or which have been altered or repaired by anyone other than Seller or its authorized representative. Seller shall not be liable on any claim for nonconforming Goods which are not made within sixty (60) days after such Goods have been received by Buyer.

9. Remedies and Limitations of Liability. In the event Buyer claims Seller has breached any of its obligations under the contract, whether of warranty or otherwise, Seller may request the return of the Goods and tender to Buyer the purchase price theretofore paid by Buyer, and in such event, Seller shall have no further obligations under the contract except to refund such purchase price upon redelivery of the Goods. No Goods may be returned without Seller's prior written authorization. If Seller requests the return of the Goods, the Goods will be returned to Seller within 30 days at Seller's expense by lowest cost mode of transportation unless otherwise authorized in writing by Seller. The remedies contained in this and the preceding paragraph shall constitute the sole recourse of Buyer against Seller for breach of any of Seller's obligations under the contract, whether of warranty or otherwise. In no event shall Seller be liable for any special, indirect, or consequential damages, nor shall Seller's liability for any claim for damages arising out of, or connected with the contract, or the manufacture, sale, delivery or use of the Goods, exceed the purchase price of the Goods. Seller shall not be liable for failure to perform its obligations under the contract resulting directly or indirectly from any force majeure circumstances beyond Seller's reasonable control, including availability of raw material.

10. Indemnification and Hold Harmless. Seller shall hold Buyer harmless against any rightful claim of any third person by way of infringement of any United States Letters Patent by such if the Goods are of Seller's own manufacture, but, if Buyer furnishes specifications to Seller, Buyer shall defend and hold Seller harmless against any and all claims of any kind which arise out of compliance with the specifications. Seller's agreement to hold Buyer harmless shall not apply to any infringement consisting of the use of Goods manufactured by Seller as a part of any combination with goods manufactured by others. In the event that any Goods manufactured by Seller are in any suit held to constitute infringement, and their use is enjoined, and Seller is unable within a reasonable time to secure for Buyer the right to continue using such Goods, either by suspension of the injunction, by securing for Buyer a license, or otherwise, Seller shall, at its own expense, have the options of either replacing such Goods with non-infringing goods, or modifying such Goods so that they become non-infringing, or accept the return of the enjoined Goods and refund the purchase price theretofore paid therefore. Except as in this paragraph provided, Seller makes no warranty that the Goods will be delivered free of the rightful claim of any third person by way of infringement or the like.

11. Tooling. Unless otherwise specified, all tooling charges shall be paid fifty percent (50%) with purchase order and fifty percent (50%) balance due upon receipt of first articles. Buyer's tools, cutting dies, and molds ("tooling") in the possession of Seller are at the risk of Buyer, and Seller does not undertake to insure such property. Seller may dispose of any tooling at any time after one (1) year after completion of the most recent production order requiring the use of such tooling. If Buyer requests Seller to deliver tooling to Buyer, Buyer will pay Seller an additional engineering charge not to exceed fifty percent (50%) of the cost of such tooling, except that if, in the sole judgment of Seller, such tooling includes proprietary ideas or devices of Seller, Seller may refund to Buyer any price of the tooling paid by Buyer rather than surrender same. Notwithstanding the above, all extrusion tooling is, and shall remain, the sole and exclusive property of Seller.

12. Inserts. Prices are based on Buyer supplying all inserts, unless otherwise stated in the contract. Practical production loss of inserts may be redetermined after first production run. If requested, scrap inserts will be returned or salvaged at Buyer's sole expense.

13. Governing Law. The formation and performance of this contract shall be governed by the Uniform Commercial Code as adopted by the State of California. Any action for breach of the contract, including breach of warranty, must be commenced within one (1) year after the cause of action has accrued. In any legal action, including arbitration, brought by either party to enforce or interpret the terms of this agreement, the prevailing party shall be entitled to an additional award from the other party of a reasonable attorney's fees and court costs incurred, including expert witness fees. Unless otherwise specified in another signed written agreement, Buyer consents to the jurisdiction of the California courts.

14. Tariff and International Provisions. All shipments shall be made in strict conformity with the governing tariff rules and regulations and packaging specification, except where otherwise specifically required by provisions of this proposal.