



## PURCHASE ORDER TERMS AND CONDITIONS

1. **DEFINITIONS:** “Buyer” or “EPI” means Engineered Plastics, Inc.; “Seller” means the party identified on the face of an EPI Purchase Order; and “Supplies” means all articles, materials, work or services to be furnished by Seller under the Purchase Order.
2. **INDEMNIFICATION:** Seller agrees to indemnify and protect the Buyer against any claims or actions for infringement or alleged infringement of patent rights by Buyer as a result of the purchase and use by Buyer, in the manner for which intended, of the Supplies covered by the EPI Purchase Order.

Any work to be performed under the Purchase Order shall be performed by Seller in the capacity of an independent contractor and Seller shall furnish all labor, materials, equipment and supervision except as may be noted on the face of the Purchase Order. Seller assumes responsibility for injuries sustained or damages arising in the course of said work and Buyer shall not be liable for any such injuries or damages, except to the extent that such injuries or damages result from the negligence or misconduct of the Buyer, its agents, servants or employees.

3. **WARRANTY:** Seller warrants that the supplies shipped against the EPI Purchase Order will be of first quality, free of defective workmanship and materials, conform to applicable specifications, drawings, samples, and descriptions or other requirements of the Purchase Order and, unless of Buyer’s detailed design, be free from design defects. If there is a breach of warranty, Buyer may return such Supplies, at Seller’s expense, for correction, replacement or credit as Buyer may direct. All warranties shall run to Buyer and its customers.
4. **INSPECTION—ACCEPTANCE OF SUPPLIES:** Supplies are subject to Buyer’s inspection and approval at a reasonable time after delivery. If specifications are not met, Buyer has the option of making repairs on defective Supplies where feasible therein with expense of such repair to be borne by Seller, or to return Supplies to Seller at Seller’s expense for full credit or replacement thereof as Buyer may direct.
5. **VARIATIONS:** No variations in any of the terms, conditions, deliveries, prices, quality, quantity or specifications of this order, irrespective of the wording of Seller’s acceptance or invoice, will be effective without Buyer’s written consent.
6. **CHANGES:** Buyer may at any time by written notice make changes within the general scope of the Purchase Order in the specifications, design, drawings, methods of shipment, packaging or place of delivery. If any such change causes an increase or decrease in the cost of or the time required for the performance of any part of the work under the Purchase Order, an equitable adjustment shall be made in the price or delivery schedule or both, and the Purchase Order shall be modified in writing accordingly. Any claim by Seller for an adjustment must be made in writing within (30) thirty days of the receipt of any such notice. Nothing contained in the Purchase Order shall relieve the Seller from proceeding without delay to perform the Purchase Order as changed.
7. **DRAWINGS, PATTERNS, TOOLING, ETC.:** Anything of this nature prepared by Seller and paid for by Buyer shall be the property of Buyer and such items, as well as any furnished hereinafter by Buyer to Seller, shall not be disposed of without written permission of Buyer and shall be delivered to Buyer at its request.
8. **SET-OFF:** Buyer shall be entitled at all times to set-off any amount owing from Seller to Buyer against any amount due or owing to Seller.

9. **TERMINATION AND CANCELLATION:** Buyer shall have the right of cancellation without having further liability to the Seller if Supplies furnished under the Purchase Order do not conform to specifications of Buyer. Buyer expressly reserves the right to not have Supplies remade to Buyer's specifications should this event occur. Buyer may also terminate the Purchase Order in whole or in part for any reason by giving written notice to Seller. Seller agrees to stop any manufacture of the Purchase Order immediately and to render an invoice to Buyer in a reasonable amount for value of work performed.
10. **INSOLVENCY:** Buyer may cancel the Purchase Order without liability for the undelivered portion of the items ordered under the Purchase Order in the event Seller becomes insolvent in either the equity or the bankruptcy sense or in the event Seller makes an assignment for the benefit of creditors or there is filed by or against Seller a petition in bankruptcy, receivership or reorganization proceedings.
11. **FORCE MAJEURE:** Neither party to an EPI Purchase Order shall be liable to the other for default or delay in performing its obligations thereunder if caused by fire, strike, riot, war, act of God, delay of carriers, governmental order or regulation, complete or partial shutdown of plant by reason of inability to obtain sufficient raw materials or power and/or any other similar or different occurrence beyond the reasonable control of the party so defaulting or delaying. The party whose performance is prevented by any such occurrence shall notify the other party thereof in writing as soon as is reasonably possible after the commencement of such occurrence, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the other party of the cessation of such occurrence. No payment shall be made by Buyer to Seller for any expenses incurred by Seller by reason of such default or delay.
12. **REMEDIES:** The rights and remedies of Buyer set forth in the Purchase Order are not exclusive and are in addition to all other rights and remedies of Buyer.
13. **GOVERNING LAWS:** These Terms and Conditions of Purchase shall be governed by and interpreted under the laws of the State of North Carolina.

An EPI Purchase Order is the exclusive agreement between Buyer and Seller for the Supplies described therein and is subject to the above-described Terms and Conditions. Any additional or different terms proposed by the Seller are rejected by the Buyer unless expressly assented to in writing by the Buyer.

Dec. 21, 2009