

Par 4 Plastics, Inc. Standard Terms and Conditions for Purchasing

SCOPE OF WORK, ACCEPTANCE

This Purchase Order or Contract constitutes Par 4 Plastics, Inc.'s offer to purchase from Seller on the terms and conditions stated herein by reference. This offer is limited to the terms hereof, and any additional or different terms proposed by Seller are objected to and hereby rejected unless previously accepted in writing by Par 4 Plastics, Inc. Acceptance of the Purchase Order by Seller shall occur either by Seller's written acceptance or by Seller's commencement of performance or first shipment or service. Notwithstanding the amounts specified in this Purchase Order, Par 4 Plastics, Inc. shall not be bound for any portion thereof until a written release order is issued to the Seller by Par 4 Plastics, Inc.

SHIPMENT

Seller shall: package, mark and ship goods in accordance with Par 4 Plastics, Inc.'s requirements and appropriate commercial practice; route shipments in accordance with Par 4 Plastics, Inc.'s instructions and in a manner to minimize transportation cost; make no charge for shipping and handling unless specifically agreed in this Purchase Order; at the time of each shipment, transmit to PAR 4 PLASTICS, INC. an advance shipping notice describing the part number, date of shipment, quantity shipped, forwarding information and other information required by PAR 4 PLASTICS, INC., in such form as PAR 4 PLASTICS, INC. may specify from time to time.

DELIVERY

Deliveries shall be made in quantities and at the times specified. Unless otherwise specifically provided on the face of this Purchase Order or contract, or otherwise agreed to in writing by Par 4 Plastics, Inc. and Seller, goods shall be delivered F.O.B. Par 4 Plastics unless otherwise noted on the Purchase Order and shipped to the delivery address designated by Par 4 Plastics, Inc... If any delivery of goods to PAR 4 PLASTICS, INC. is likely to be delayed, Seller shall "immediately" notify PAR 4 PLASTICS, INC., but such notice shall not release Seller from its obligations. The risk of loss or damage to goods shall not pass to Par 4 Plastics, Inc. until delivery of goods to the location specified by Par 4 Plastics, Inc. and acceptance by Par 4 Plastics, Inc...

INVOICES, PAYMENT TERMS

The seller shall submit invoices pursuant to procedures established by Par 4 Plastics, Inc. Unless Par 4 Plastics, Inc. otherwise directs, Seller's invoices shall set forth in Par 4 Plastics, Inc.'s purchase order number, part number, release number, description of item, quantities, unit prices, extended totals, and Seller's packing slip number. Seller shall furnish Par 4 Plastics, Inc., upon Par 4 Plastics, Inc.'s request, bills of lading or other proof of delivery, Payment of invoices shall not constitute acceptance of goods or services by Par 4 Plastics, Inc., and shall be subject to adjustment for errors, shortages, or defects. Par 4 Plastics, Inc. may exercise a right of setoff against any amount owed to Seller or any of Seller's affiliated companies, voluntary arrangement with its creditors or similar event. Payment for goods or services shall be made by Par 4 Plastics, Inc. on such terms as the parties may agree from time to time or as may be specified in any Purchase Order. In the absence of any agreement concerning payment terms, Par 4 Plastics, Inc. shall pay Seller on a NET 30 DAY basis.

CHANGES

Par 4 Plastics, Inc. may at any time direct changes to drawings or specifications for the goods to be produced hereunder, the method of shipping or packing the goods or their place of delivery, and Seller agrees to make such changes, provided that Seller shall be entitled to an equitable adjustment of the price of goods or the time required for performance under this Purchase Order. No claim for adjustment shall be valid unless asserted within thirty (30) days from date Seller received notification of such change, unless such period is extended in writing by Par 4 Plastics, Inc. In the event of any of the following, or if there is a substantial likelihood of any of the following, Seller shall immediately inform Par 4 Plastics, Inc. in writing of: sale or transfer of all or a substantial part of Seller's business or assets; a change of control of Seller company; merger or other corporate reorganization of Seller company; change of Seller's name, location or major organization changes; or Seller's insolvency, bankruptcy, receivership or liquidation, commencement of proceedings to be wound up, entering into any voluntary arrangement with its creditors or similar event.

INSPECTION

Par 4 Plastics, Inc. shall not be obligated to inspect or evaluate any goods. Notwithstanding the foregoing, Par 4 Plastics, Inc. reserves the right to inspect and evaluate goods prior to acceptance. No inspection or test made before or after the final Par 4 Plastics, Inc. inspection and acceptance at Par 4 Plastics, Inc.'s designated delivery point shall relieve the Seller from responsibility for defect.

NONCONFORMING PRODUCTS, GOODS OR SERVICES

If any nonconforming goods, products or services are delivered to the Par 4 Plastics, Inc. by the Seller, the Par 4 Plastics, Inc. shall have the right to (a) reject the nonconforming goods without correction and receive credit for any amounts paid to Seller; (b) require Seller, at no cost to Par 4 Plastics, Inc., to promptly deliver conforming goods.

WARRANTY

Seller warrants that all goods or services covered by this Purchase Order shall conform to the terms of this Purchase Order and any specifications, drawings, samples, manuals or standards furnished to or by Par 4 Plastics, Inc. or Par 4 Plastics, Inc. customer, shall be free from defects in workmanship or materials and if design is Seller's responsibility, free from defects in design. The seller warrants that all products and/or services are in accordance with applicable federal and state codes and standards. Seller further warrants that all goods covered by this Purchase Order shall be of merchantable quality and shall be suitable for ordinary commercial purposes as well as for any special purpose intended by Par 4 Plastics, Inc. that is known to Seller. Par 4 Plastics, Inc.'s approval of Seller's designs shall not relieve Seller of the warranties set forth herein. The seller further warrants that goods shall be clear of liens, encumbrances or security interests, and that goods do not infringe any third party's patents or other intellectual property rights. In no event shall Seller's warranty have a duration or terms less favorable than those extended by Par 4 Plastics, Inc. to the customer that purchases such goods or any product into which the goods are incorporated, irrespective of any published warranty of Seller or any warranty on packaging or otherwise communicated to Par 4 Plastics, Inc.. Par 4 Plastics, Inc. will advise Seller from time to time, if and as requested by Seller, of the warranty duration and terms that Par 4 Plastics, Inc. is extending to its intended customer for the goods covered by this Purchase Order. Seller recognizes that Par 4 Plastics, Inc. may be required to extend warranties to customers that are at least equal to the time and mileage limitations of the automobile and parts warranties extended to consumers and Seller's warranty for goods shall not be less than the time and mileage limitations of such consumer warranties. In addition, to the requirements above, Seller shall reimburse Par 4 Plastics, Inc. for all costs (including labor charges, cost of replacement goods and reimbursement to customers of towing, repair, dealer handling charges and other expenses) incurred by Par 4 Plastics, Inc. as a result of Seller's breach of the warranty set forth in the Section 10. No exclusion, limitation, or disclaimer of any warranty by the Seller shall be effective, irrespective of its form.

TERMINATION FOR BREACH

Par 4 Plastics, Inc. may, by written notice, terminate this Purchase Order or agreement in whole or part if Seller: repudiates or breaches any provision of this Purchase Order; fails to deliver goods or perform services within the time specified herein; or (c) fails to make sufficient progress in fulfillment of its obligations so as to endanger timely performance hereunder and such failure is not cured within twenty (20) days (or such shorter time as may be commercially reasonable under the circumstances) after written notice from Par 4 Plastics, Inc.. In the event of termination hereunder, Par 4 Plastics, Inc. may procure, upon such terms as Par 4 Plastics, Inc. deems appropriate, substantially similar goods or services and Seller shall be liable to Par 4 Plastics, Inc. for any excess cost to Par 4 Plastics, Inc., provided that Seller shall continue the performance of this Purchase Order to the extent not terminated. Par 4 Plastics, Inc. may require Seller to deliver to Par 4 Plastics, Inc. any completed or partially completed goods or inventory that Seller has produced or acquired for the performance of this Purchase Order, with payment for any such goods or inventory accepted by Par 4 Plastics, Inc. to be in such reasonable amount as Seller and Par 4 Plastics, Inc. shall mutually determine, but not to exceed the contract price. As partial consideration for this Purchase Order and without further cost to Par 4 Plastics, Inc., Par 4 Plastics, Inc. shall be entitled to and Seller hereby grants Par 4 Plastics, Inc. an irrevocable, nonexclusive, royalty-free right and license to manufacture and sell the goods that are the subject of the terminated portion of the Purchase Order and to use the methods and processes utilized by Seller in the manufacture of such goods.

TERMINATION WITHOUT CAUSE

In addition to any other rights of Par 4 Plastics, Inc. to terminate this Purchase Order or contract, Par 4 Plastics, Inc. may at any time immediately terminate all or any part of this Purchase Order, for any reason, upon written notice to the Seller. In such case, Par 4 Plastics, Inc. shall pay Seller all amounts due hereunder for delivered and accepted goods and services, and shall pay Seller an amount equal to the actual cost of raw materials and work-in-process applicable to the terminated portion of this Purchase Order, provided that Seller shall submit to Par 4 Plastics, Inc. within thirty (30) days after the termination notice a written claim in such form and with supporting documents as specified by Par 4 Plastics, Inc.. Except as set forth in this section, Par 4 Plastics, Inc. shall not otherwise be liable to Seller or any subcontractor of Seller, and in no event shall Par 4 Plastics, Inc. be liable for loss of anticipated profit, unabsorbed overhead, product development and engineering cost, un-recovered depreciation costs, or general or administrative expense related to such termination. Par 4 Plastics, Inc. reserves the right to verify Seller's claims hereunder. IN NO EVENT, UNDER THIS OR ANY OTHER SECTION OF THIS PURCHASE ORDER, OR IN CONNECTION WITH ANY TRANSACTION BETWEEN PAR 4 PLASTICS, INC. AND SELLER, OR INVOLVING THE GOODS OR SERVICES COVERED BY THIS PURCHASE ORDER, SHALL PAR 4 PLASTICS, INC. BE LIABLE TO SELLER (OR TO ANYONE ASSERTING A CLAIM ON SELLER'S BEHALF) FOR INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES OF ANY NATURE, INCLUDING WITHOUT LIMITATION LOST PROFITS.

INSOLVENCY

Par 4 Plastics, Inc. may immediately cancel this order or contract with no liability to Seller in the event of insolvency of Seller; filing of a voluntary or involuntary petition in bankruptcy concerning Seller; appointment of a receiver or trustee for Seller; the making of an assignment for the benefit of creditors of Seller; or a comparable event.

EMERGENCY ORDER

Par 4 Plastics, Inc. may from time-to-time place emergency orders in addition to regular orders placed under this Agreement or may request that Seller deliver goods sooner than the original time Par 4 Plastics, Inc. specified by Seller agrees to exert its best efforts to comply with such emergency orders or revised timetable.

RECALL

Seller shall indemnify Par 4 Plastics, Inc. hereunder, to the extent attributable to Seller, for all liabilities, damages, costs or expenses incurred by Par 4 Plastics, Inc. (including, but not limited to costs for notification, replacement parts, returned parts, labor, fines and buybacks) as a result of any recall, service campaign or similar program initiated by Par 4 Plastics, Inc.'s customer, or any governmental agency, with respect to the goods or the products of Par 4 Plastics, Inc. into which Seller's goods are incorporated.

INDEMNIFICATION

Seller shall indemnify and hold PAR 4 PLASTICS, INC. and its affiliates, officers, directors, employees and agents harmless from and against any and all causes of action, claims, liabilities, losses, damages, costs or expenses (including attorney's fees) arising out of: any actual or alleged infringement of any patent, copyright, trademark or any other intellectual property right covering any item purchased hereunder; any death or injury to any person or damage to any property alleged to have resulted from any goods purchased hereunder or work performed by Seller; failure of Seller or the goods to comply with applicable laws or safety regulations; and/or any design or manufacturing defect relating to any of the goods.

INTELLECTUAL PROPERTY

Each party will retain ownership of its intellectual property rights and technology as the same existed prior to negotiations leading to the issuance of this Purchase Order.

CONFIDENTIAL INFORMATION.

Neither party shall disclose to any third party or use for any purpose other than the purchase or sale of goods under this Purchase Order, any Confidential Information of the other party without the other party's prior written consent. As used in this Purchase Order "Confidential Information" shall include but not be limited to all information regarding a party's current or future products, designs, marketing plans, processes, inventions, formulae, pricing and cost information, specifications, drawings, samples or other confidential or proprietary information or data furnished by one party to the other. "Confidential Information" shall not include any information that is officially known through no fault of the receiving party, previously known to, or developed by the receiving party, or received from a third party without breach of any confidentiality obligations imposed on that third party. Any documents or data prepared by Seller that incorporate or disclose any confidential information of Par 4 Plastics, Inc. shall be returned

to Par 4 Plastics, Inc. upon demand, or destroyed upon demand of Par 4 Plastics, Inc. and Seller shall promptly transmit a certification of such destruction.

SUBCONTRACTING

The seller shall not subcontract any other party to furnish any completed or substantially completed goods covered by this Purchase Order without Par 4 Plastics, Inc.'s prior written approval. Seller shall ensure that subcontractors comply with the terms and conditions of this Purchase Order. If Par 4 Plastics, Inc. notifies Seller that Par 4 Plastics, Inc. has an objection to a particular subcontractor, Seller shall cease subcontracting that work to such subcontractor.

INSURANCE.

Unless Seller is self-insured and Par 4 Plastics, Inc. provides its written approval, Seller shall maintain insurance policies, including amounts of coverage, that are reasonable for the business conducted by Seller and sufficient to insure Seller against liability arising out of Seller performance under this agreement. At Par 4 Plastics, Inc.'s request, Seller shall furnish certificates of insurance to Par 4 Plastics, Inc.

DRAWINGS AND SPECIFICATIONS.

Seller shall furnish Par 4 Plastics, Inc. with specifications, concept sheets and other information and data that Seller acquires or develops during its performance under this Purchase Order, as well as all other information and data that Par 4 Plastics, Inc. deems necessary to understand the goods covered by this Purchase Order and their manufacture.

INSPECTION OF FACILITIES

Seller shall permit Par 4 Plastics, Inc. to enter Seller's facilities at reasonable times to inspect the facilities; goods covered hereunder, the processing of the same, tooling and any other property owned by the Par 4 Plastics, Inc...

TOOLING

Tooling shall be defined as all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, or other equipment which have been directly or indirectly purchased or provided by Par 4 Plastics, Inc. and any tooling that has been or will be created by Seller for the purpose of producing goods. The seller shall not create any Tooling until authorized pursuant to procedures established from time to time by Par 4 Plastics, Inc. All Tooling shall be the property of the Par 4 Plastics, Inc.. Possession of Tooling by Seller shall be deemed a bailment from Par 4 Plastics, Inc.. The seller agrees to execute any documents reasonably requested by Par 4 Plastics, Inc. in order to document Par 4 Plastics, Inc.'s ownership of Tooling. The seller shall not acquire any rights or interest in Tooling except as expressly provided in this Purchase Order. Tooling shall be conspicuously marked as the property of Par 4 Plastics, Inc.. Seller covenants that so long as Seller has possession of Tooling, Seller will: (a) maintain the Tooling in good condition; (b) keep the Tooling insured against risk of fire or other loss or damage; and (c) keep Tooling free from any lien, security interest or encumbrance. Upon demand by Par 4 Plastics, Inc. at any time, seller shall either: (a) return Tooling pursuant to such method of shipment as Par 4 Plastics, Inc. shall specify; or (b) allow Par 4 Plastics, Inc.'s agents or employees to enter Sellers premises, prepare the Tooling for shipments and remove Tooling. Par 4 Plastics, Inc. shall be responsible for the cost of the shipment. Seller shall only use the Tooling to manufacture goods for Par 4 Plastics, Inc.. Tooling shall not be moved from Sellers premises (except for repair or modification) without Par 4 Plastics, Inc.'s prior written approval.

COMPLIANCE WITH LAWS

Seller shall comply with all federal, state, and local laws or regulations applicable to the goods covered by this Purchase Order or the manufacture of shipment thereof, including without limitation the Fair Labor Standards Act, laws prohibiting discrimination in employment, laws relating to protection of the environment and health and safety laws and regulations. Seller warrants that neither forced labor, convicts labor, nor indentured labor (whether of children or adults) was employed in any stage of the mining, production, or manufacture of any component or raw material thereof which is the subject of this Agreement. The Undersigned Seller represents and warrants that it has investigated the source of all Goods (and of every component thereof) offered for sale pursuant to this Agreement for the purpose of ascertaining the character of labor used in the production of the Goods (and of its components) and that it will, on an ongoing and regular basis, continue to investigate and monitor the character of such labor for all Goods (and components thereof) hereinafter offered for sale to Par 4 Plastics, Inc.. The Undersigned agrees to furnish evidence of such investigations, as Par 4 Plastics, Inc. may from time-to-time request.

NO IMPLIED WAIVER.

The failure of a party to enforce at any time any of the provisions of this Purchase Order, or to elect any option provided herein, shall in no way affect the right of such party to require such performance at any time thereafter, nor shall the waiver of any breach of a provision hereof be construed as a waiver of any succeeding breach of the same or any other provision.

NO ASSIGNMENT

No right or obligation under this Purchase Order shall be assigned by Seller without the prior written consent of Par 4 Plastics, Inc..

FORCE MAJEURE

Neither Seller or Par 4 Plastics, Inc. shall be responsible to the other for any delay or failure to perform its obligations hereunder to the extent that the delay or failure to perform is caused by an event beyond its reasonable control and without fault or negligence, including acts of God, flood, fire, storm, earthquake, war sabotage, or actions by any government authority. The affected party shall promptly notify the other party. Strikes, labor disputes and inability to obtain raw materials by the Seller shall not constitute force majeure events. If requested, the Seller shall within ten days after request by the Par 4 Plastics, Inc. provide adequate assurance that the delay will not exceed 30 days. If adequate assurance is not provided, the Par 4 Plastics, Inc. may immediately terminate this Agreement upon notice.

GOVERNING LAW

All claims or disputes relating to the obligations or relationship of the Seller and Par 4 Plastics, Inc., the purchase, sale or use of goods, or otherwise, including but not limited to the interpretation, validity, and enforcement of this Agreement, shall be governed by and construed in accordance with the internal Par 4 Plastics, Inc. laws of the State of Kentucky without reference to its conflicts of law provisions.

OBSOLESCENCE

The seller agrees to comply with the applicable terms in any agreement between Par 4 Plastics, Inc. and its customer(s) relating to the disposition of obsolescent material. Par 4 Plastics, Inc. will at its discretion supply Seller with this information.

SERVERABILITY

If any provision of this Purchase Order is determined to be unenforceable, the remaining provisions shall remain in full force and effect.

ENTIRE AGREEMENT; AMENDMENT. This Purchase Order, together with any attachments, exhibits or supplements specifically referenced herein constitutes the entire agreement between Seller and Par 4 Plastics, Inc. with respect to the subject matter hereof and supersedes all prior or written understandings or agreements. This Purchase Order may only be amended by a written document executed by a duly authorized representative of Par 4 Plastics, Inc.

DISPUTE RESOLUTION. All lawsuits, claims or disputes arising out of or related to this Agreement, the purchase, sale, or use of Products or otherwise relating to the relationship of the parties shall be settled exclusively by binding arbitration in Kentucky. Any arbitration award rendered shall be final Par 4 Plastics, Inc. and binding, and judgment may be entered on such award in any court of competent authority.