

**THE FOLLOWING TERMS & CONDITIONS**  
**ARE MADE PART OF PURCHASE ORDERS ISSUED BY**  
**PREMIX, INC, HADLOCK PLASTICS, LLC, AND/OR QUANTUM COMPOSITES, INC**

**ACCEPTANCE**

Acceptance of this order must be limited to the terms hereof, expressed or implied. Any standard or contradictory Seller's terms and conditions found in proposals, inquiries, invoices, bills of lading, receipts, acceptance documents, websites, EDI systems and the like shall be null and void and are proposals which do not become a part hereof unless Buyer consents hereto in writing. Seller's delivery of conforming or non-conforming goods or services in lieu of acceptance as herein provided may, at the sole election of Buyer, be treated as Seller's acceptance and assent to all terms and conditions hereof. If this purchase order is identified on its face as a blanket purchase order, each shipment and delivery under the blanket purchase order shall be subject to these terms and conditions.

**PRICE; SECURITY INTEREST; PAYMENT TERMS**

If no price is specified herein it is agreed that the price will be the lowest price for like goods or services of like quality charged by Seller from the date hereof until the specified or actual date of delivery, whichever is later, and in no event will the price be higher than last previously quoted or charged to Buyer. No surcharges resulting from the imposition now or in the future of any sales or use taxes, fuel surcharges, charges for boxing, packing, loading or cartage, or any other item, may be charged unless stated hereon or otherwise agreed to in writing by Buyer. Buyer may withhold payment to offset any amounts to which it is entitled hereunder.

Buyer shall retain a security interest in goods to the extent of payments made by Buyer. Such goods shall be marked as the property of Buyer and segregated from other goods at Seller's facility. If deemed prudent in Buyer's judgment, Seller shall assist Buyer in filing UCC-1 Financing Statements.

Unless otherwise specified by Buyer in writing, payment terms are Net 45 days after receipt of goods or services.

**RAW MATERIAL CHANGES**

Production materials covered by Buyer's Purchase Orders are critical raw materials. Changes in the Seller's raw materials, raw material suppliers, plant location, manufacturing equipment, processes or procedures may have a detrimental effect upon the performance of Buyer's products. Seller agrees to contact Buyer's Purchasing Department in writing for prior approval before shipping any materials with any such changes. Buyer reserves the right to recover losses and damages and to return any material at Seller's expense where this condition has not been met.

The Seller is to notify the Buyer within one business day of discovery that nonconforming product has been shipped to or received by the Buyer and must obtain disposition or approval of said product.

**WARRANTIES AND INDEMNIFICATION**

In addition to all warranties implied in fact or law, Seller expressly warrants that all goods or services covered by this order (i) shall be of good quality and free from all defects in material and workmanship; (ii) shall conform to all specifications, drawings, descriptions, and samples approved by Buyer; (iii) shall be merchantable; (iv) shall be fit for Buyer's intended use. Acceptance of or payment for goods or services shall not constitute a waiver of warranties. Buyer's approval of samples furnished for inspection to assist Seller does not relieve Seller from

responsibility to deliver goods or services conforming to all specifications, drawings, and descriptions.

**NO DISCLAIMER OF WARRANTY OR LIMITATION OF LIABILITY BY SELLER IS ACCEPTED.**

Seller shall indemnify and hold Buyer harmless against any suit, liability, loss, damage, claim, action or expense including counsel fees, arising from or related to any defect in goods or services supplied hereunder, failure to deliver as herein specified, breach of any warranty, certification or obligation contained herein, or act or omission of the Seller, its representative, employees, agents, or subcontractors, done or suffered in connection with this order.

The provisions of this section are explicitly made a material condition of any Purchase Order placed by Buyer.

**CANCELLATION**

In addition to all other rights provided herein and by law, Buyer reserves the right to cancel this order in whole or part if the goods or services do not conform to any expressed or implied warranty, if Seller fails to make deliveries as directed by Buyer, or upon Seller's insolvency. If this order requires or authorizes the delivery of goods or services in separate lots, to be separately accepted, and if any goods or services tendered do not conform hereto, Buyer may reject any or all goods or services affected or the entire installment and any undelivered installments.

If goods covered by this order are standard stock items, Buyer at its option may cancel at any time, without cause, any unshipped portion of this order without obligation hereunder except to make payment subject to other applicable terms hereof for the goods actually shipped prior to such cancellation. If goods or services covered by this order are not stock items Buyer at its option may cancel at any time, without cause, any undelivered portion of this order without further obligation hereunder except to make payment, subject to other applicable provisions hereof, for the goods or services actually delivered prior to such cancellation plus direct costs incurred by Seller prior to receipt of notice of cancellation with respect to this order, such total charge to be in no event greater than the contract price. Upon such payment all goods or services in process and finished goods shall become Buyer's property.

**TITLE/RISK OF LOSS; DELIVERY; RETURN**

Unless otherwise specified by Buyer in writing; goods are purchased FOB Buyer's dock. Title and risk of loss do not transfer to Buyer until delivery to Buyer's facility.

Buyer's production schedules are based upon the condition that all goods or services will be delivered to Buyer by the dates specified in this order. Time is of the essence of this order. Buyer reserves the right to return, shipping charges collect, at Buyer's discretion, all goods received by Buyer in advance of or subsequent to the delivery dates specified.

The making or failure to make any inspection of, or payment for or acceptance of the goods, shall not impair Buyer's right to reject or revoke its acceptance of nonconforming goods, to return nonconforming goods at Seller's risk and expense, or to avail itself of any other remedies to which Buyer may be entitled, notwithstanding Buyer's knowledge of the nonconformity, its

substantiality or the ease of its discovery. Except for customary quantity variations recognized by trade practice, goods in excess of those specified will not be accepted and such excess, and rejected goods, will be held at Seller's risk. Buyer may return such goods at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.

#### **COMPLIANCE WITH LAW**

Seller agrees to indemnify and save Buyer, its successors, assigns, customers and agents harmless against all loss, costs, damages, claims and demands for actual or alleged direct or contributory infringement of any patents either in the United States of America or any foreign countries, trademarks in the United States of America or any foreign countries, or similar rights because of the sale or use of any of the goods or services specified herein.

By acceptance hereof Seller warrants that in its performance hereunder it will comply with all applicable federal, state, and local laws, rules, regulations and administrative and executive orders, including but not limited to those pertaining to discrimination, contract renegotiations, maximum ceiling prices, fees for solicitations of contracts, security and inspection of records. Seller further warrants complying with applicable provisions of Executive Orders Nos. 10210 and 10925, the Buy American Act, the Walsh Healy Act, the Eight-Hour Law of 1912, and the Fair Labor Standards Act of 1938, as amended. Each invoice for goods must certify that the goods invoiced were produced in accordance with the Fair Labor Standards Act of 1938, as amended. Acceptance of this order and delivery of goods hereunder shall constitute certification of compliance with such laws, regulations and orders. Additional certification shall be provided by Seller upon Buyer's request.

Seller agrees to provide for the listing of certain job vacancies in accordance with Executive Order No. 11701 and Section 2012 of the Vietnam Era Veteran's Readjustment Act of 1974 and regulations thereunder.

Seller represents and hereby certifies, unless otherwise exempt, that Seller is in compliance with the applicable requirements (including EEO clause 202) of Executive Order NO. 11246, as amended, and regulations issued thereunder by the Office of Federal Contract Compliance, Equal Employment Opportunity.

Seller represents and hereby certifies that any and all work performed and any items delivered under this Purchase Order shall comply with all requirements of the Occupational Safety and Health Act of 1970, as amended, and regulations thereunder.

The furnishing of the items called for by this order is governed by the provisions of the U.S. Department of Labor's Affirmative Action Regulations on Handicapped Workers which are incorporated herein by reference. Seller shall comply with such regulations as amended.

If the goods or services hereby ordered are required in connection with a United States Government Contract, subject to the Renegotiation Act of 1951, then this order is a subcontract subject to the Renegotiation Act of 1951, as amended, and any further subcontract, if any, entered into by Seller (or its subcontractors, if any) for the provision of any part of the items or services required hereunder shall explicitly be made or caused to be made subject to applicable provisions of such Act by Seller.

All items covered by this order are to be products of U.S. manufacture except as has been specifically disclosed by Seller to Buyer in writing.

#### **RESTRICTED SUBSTANCES**

The Seller warrants it has a process to assure compliance with current governmental and safety regulations concerning restricted, toxic and hazardous material, as well as environmental, electrical and electromagnetic laws and regulations applicable in the country of manufacture and sale. This warranty applies to both purchased products and the Seller's manufacturing process and products. The Seller will provide Buyer with a current Material Safety Data Sheet (MSDS) for all products whenever applicable under federal or local regulations.

Any equipment or material furnished is to be free of Asbestos Containing Material and free of Cobalt 60. Upon request, Seller shall provide written documentation to this effect. Seller is to notify Buyer of the presence of any heavy metals or Substances of Very High Concern (SVHCs) in equipment or material covered by this Purchase Order.

#### **REPAIRS AND SERVICE**

Buyer reserves the right to repair defective or nonconforming goods or services and charge Seller with Buyer's cost therefore or to return goods for credit including transportation costs both ways. If any of the goods furnished under this order are composed of more than one part, Seller shall furnish Buyer such quantity of component parts as Buyer may order at prices in proportion to the prices specified for the complete unit, notwithstanding such parts are ordered after this contract has been otherwise performed.

#### **INSURANCE AND INDEMNIFICATION**

Seller shall maintain Commercial General Liability Insurance, including Products & Completed Operations Liability, Broad Form Property Damage, Operating Liability, and Contractual liability, with a combined single limit of not less than \$2,000,000 per occurrence. Additionally, if Seller is to perform any work or provide professional services for Buyer on any premises owned or controlled by Buyer or elsewhere, Seller agrees to (i) keep the premises and work free and clear of all mechanic's liens, and furnish to Buyer proper affidavits and/or waivers certifying thereto; (ii) perform the work at Seller's sole risk prior to its written acceptance by Buyer and replace at Seller's expense all work damaged or destroyed by any cause whatsoever; (iii) indemnify and save Buyer harmless against any and all loss, damage and expense, direct or indirect, caused by or arising from any damage or injury to property or person, including without limitation, damage or injury to Seller's or Buyer's employees or property, caused by or arising from or in connection with the performance of work hereunder; (iv) indemnify and hold Buyer harmless from and against all other liability, claims, demands, losses or expenses (including attorney fees) arising from or attributable to said contractor's or its employee's, agent's, or subcontractor's performance of the work or rendering of the services; (v) carry workmen's compensation insurance covering all employees to be used by Seller in connection with such work and public liability insurance covering Seller's liability hereunder; (vi) prior to commencing work hereunder, furnish to Buyer certificates of its insurance carrier showing that such workmen's compensation and liability and property damage insurance is in force and shall protect Buyer from all risks and claims; (vii) comply with all applicable safety and worker's compensation laws and regulations; (viii) indemnify and save Buyer harmless against any and all liability arising hereunder by reason of any applicable unemployment insurance laws.

#### **DISCLOSURE OF INFORMATION**

Any unpatented knowledge or information concerning Seller's products, methods or manufacturing processes which Seller may disclose to Buyer shall, unless otherwise specifically agreed in writing signed by the parties hereto, be deemed to have been disclosed as a part of the consideration for this order, and Seller shall not assert any claim against Buyer as the result of Buyer's use

thereof. All drawings, specifications, samples or other confidential information of Buyer provided to Seller for tendering, or production purposes, shall remain property of Buyer, must be considered strictly confidential and shall be preserved in good order to be returned promptly upon completion of work or termination of order or request of Buyer. Seller shall use such drawings, specifications, samples or other confidential information only in connection with this order and shall not disclose such drawings, specifications, samples or other confidential information to any person, firm or corporation. If Buyer pays, or otherwise compensates, Seller for development or design work, any intellectual property rights arising from such work shall accrue to Buyer.

Seller shall not advertise, publish, or disclose the fact that Seller has furnished or will furnish Buyer goods or services ordered hereby without first obtaining the written consent of Buyer.

#### **CHANGES IN SPECIFICATIONS**

The Buyer reserves the right to make such changes in specifications and designs as may be necessary or desirable after this order is placed. Any difference in contract price resulting therefrom shall be agreed upon in writing signed by the parties hereto.

No change shall be made by Seller to product specifications or packaging except with the written consent of Buyer.

#### **DIES, TOOLS, JIGS**

Unless otherwise therein agreed, die equipment, tools, jigs, fixtures and patterns used in the manufacture of goods or provision of services to be furnished hereunder shall be supplied by and at the expense of the Seller and shall be kept in good condition; and shall be replaced when necessary by Seller without expense to Buyer. Buyer has the option at any time to reimburse the Seller for the whole or any part of said dies, tools and replacements, and become the owner and entitled to the possession of same. Seller shall be responsible for the proper maintenance and safe delivery to Buyer of all die equipment, tools, jigs, fixtures and patterns furnished by, paid for, or supplied by Buyer and the same shall be subject to removal from Seller's plant on Buyer's written notice at any time without cost to Buyer.

When funded or otherwise owned by Buyer, the materials covered by this section are to be used only in filling orders from Buyer and to be kept separate from materials of Seller and clearly identified as the property of Buyer. Seller, while in possession of such materials assumes all liability for loss or damage and agrees to supply detailed statements of such materials held when reasonably requested by Buyer.

When Buyer furnishes any material, in whole or in part, for the manufacture of parts or assemblies, Seller shall not substitute material from any other source nor shall Seller alter physical or chemical properties of such material except with Buyer's written approval.

#### **MISCELLANEOUS**

Buyer as used herein means Premix, Inc., Hadlock Plastics, LLC, and/or Quantum Composites, Inc, their successors and assigns.

All packing slips and invoices must, at a minimum, include Buyer PO number, line number, part number and description; Seller part number and description; and quantity.

In addition to all other rights of inspection herein expressed or implied by law. Buyer or Buyer's customer representative shall be afforded the right to inspect any work being performed by Seller and inspect Seller's equipment and facilities at any time during

business hours to verify the products or services conform to the specified requirements.

The Buyer and its customers may audit the Seller to a Quality Program during the length of any contract, blanket order, or purchase order between the parties.

The Seller is to retain records pertaining to the Buyer's purchased product for a minimum of 7 years.

Whenever Buyer demands of Seller adequate assurance of due performance, Buyer shall be the sole judge of the adequacy of assurance given by Seller.

Seller shall not assign any right or delegate any duty arising hereunder and any such attempted assignment or delegation shall be null and void without prior written consent of Buyer. Buyer may assign rights and delegate duties arising hereunder at Buyer's discretion and without Seller's approval.

No course of prior dealings between the Buyer and Seller inconsistent with the terms of this agreement and no usage of the trade shall be relevant to supplement or explain this contract without Buyer's approval.

The failure of Buyer in any instance either to insist upon the strict performance of any of the terms of this order or to exercise any right or privilege given to Buyer hereunder, or any waiver by Buyer of any breach of any terms or conditions of this order shall not be construed as thereafter waiving any such terms, conditions, rights or privileges, and such terms, conditions, rights, and privileges shall continue and shall remain in force and effect as if no waiver had occurred.

No remedy conferred upon a party hereunder is intended to be exclusive of any other remedy, and rights and remedies herein reserved to Buyer shall be cumulative and in addition to any other or further rights and remedies provided it in law or equity.

Seller warrants that it has given no commissions, payments, gifts of substantial value, kickbacks, extensive entertainment, or other things of substantial value to any employee, contractor, agent, or current or potential customer of Buyer in connection with this Purchase Order or any other contract or desired contract between Buyer and Seller.

This contract cannot be modified or amended except in writing signed by Buyer's authorized Purchasing Department employee. Unless specifically stated elsewhere in this Purchase Order, Incoterms, the United Nations Convention on Contracts for the International Sale of Goods, and the Unidroit Principles of International Commercial Contracts shall not apply to or govern this Purchase Order.

Seller hereby submits to the jurisdiction of the courts of Ohio for purposes of resolving any dispute and Seller agrees that if it sues Buyer, Seller will do so in Ohio. All parties to this transaction waive trial by jury in any and all litigation relating to and/or arising out of this purchase order, the product which is the subject of this purchase order, and/or performance of this purchase order.