

## GENERAL TERMS AND CONDITIONS OF SALE

All sales of goods by Knowlton Technologies, LLC ("**Seller**") are made on the following terms and conditions, which are incorporated by reference into each contract of sale. In these General Terms and Conditions of Sale ("**Terms of Sale**"), any goods sold by Seller to the buyer named in Seller's quotation ("**Buyer**") are referred to below as "**goods**".

Section 1. Contract and Terms. Orders based on quotations by Seller are subject to acknowledgment by Seller. All orders of goods will be subject to these Terms of Sale, and all quotations and acknowledgments of Seller are expressly conditional on the resulting contract of sale containing these Terms of Sale. Additional or different terms in Buyer's forms or any attempt by Buyer to vary in any degree any of the terms of these Terms of Sale shall be deemed material, and are hereby objected to and rejected, but this shall not prevent the formation of a contract between the Seller and Buyer, and upon Seller's acknowledgment Buyer's order shall be deemed accepted by Seller without such additional or different terms. If Buyer objects to any of the provisions of these Terms of Sale, Buyer must bring such objection to the attention of Seller in a writing separate from any purchase order or other printed form of Buyer, which shall be deemed to be proposals for different terms and conditions that may be accepted only in writing signed by an authorized representative of Seller. Notwithstanding the foregoing, in the event of a conflict between Seller's quotation or acknowledgment and these Terms of Sale, unless otherwise expressly specified in the quotation or acknowledgment, these Terms of Sale shall govern.

Section 2: Variation in Order Size. Seller is the manufacturer of specialty products. The production of specialty products frequently requires manufacture in batches or production runs that cannot be specifically limited or tailored to the stated requirements of an order. In order to accommodate the requirements of various order sizes the following shipping tolerances are effective:

<u>ORDER SIZE</u>	<u>TOLERANCE*</u>
Less than 1,000	+/- 50%
1,000 to 10,000	+/- 15%
Greater than 10,000	+/- 10%

\*For purposes of calculate order size tolerance, the units of measurement will be as stated in the quotation.

The Buyer agrees to pay at the agreed per-unit price for all goods delivered under a given sales contract in quantities that exceed the order amount, as long as the amount of goods so delivered falls within the stated tolerances. Seller reserves the right to ship master rolls or full skids from current inventory to meet Buyer order requirements.

Section 3: Cancellation of Orders. An order may not be cancelled by Buyer for any reason, in whole or in part, without Seller's prior written approval. In the event a cancellation is approved by Seller then, unless otherwise agreed, Buyer shall pay Seller all costs and expenses Seller incurred in relation to the order before Seller received the cancellation request

Section 4: Price and Payment Terms. Prices contained in a quotation represent Seller's price at the time of quotation, and may be revised by Seller to reflect Seller's list price in effect at the time of acknowledgment of Buyer's order. The purchase price of all goods shall be less any and all applicable allowances offered or provided by Seller. The Seller reserves the right by giving notice to the Buyer at any time before delivery to increase the price to reflect any increase in cost to the Seller which is due to any factor beyond the reasonable control of the Seller. If any sales, use, exercise or other tax is, or should ultimately be assessed against Seller by any taxing authority in connection with a sale of goods subject to these Terms of Sale, Buyer agrees and obligates itself to pay immediately Seller an amount equal to all such taxes, penalties and interest and reasonable attorney's fees expended in connection therewith. Unless a longer period is specified in Seller's acknowledgment, payment in full of the price is due 30 days after shipment of the goods, without discount, except that if at any time Seller determines that Buyer's financial condition does not justify a sale on credit or if Buyer shall at any time be in default in any indebtedness or obligation owing to Seller, then Seller may require advance payment or may ship C.O.D., and may withhold shipments on orders being shipped in lots. Payment must be made in U.S. dollars at (a) Seller's offices in the City of Watertown, NY, or (b) in the case of orders based on a letter of credit, at Seller's account in HSBC Bank in Buffalo, NY. Any payment not made when due shall accrue a late charge of 1-1/2% per month.

Section 5: Delivery. Seller shall provide goods ordered F.O.B. Seller's shipping point, and Seller shall use its best efforts to ship the goods in accordance with Seller's specified delivery dates via public or private carriers to such locations as Buyer shall specify. All delivery dates are approximate. All costs associated with packing, loading, shipping, insurance, or carriage shall remain the sole responsibility of the Buyer. Any increase in freight rates paid by Seller on shipments, may, at Seller's option, be added to the price of the goods shipped. Title and risk of loss shall pass to Buyer upon delivery to the carrier. Cost of freight and other charges subsequent thereto are the responsibility of the Buyer.

Section 6: Excuse from Performance. Seller shall not be liable for failure to perform or for delay in performance due to any cause beyond its reasonable control, including but not limited to fire, flood, strike or other labor difficulty, act of God, any legal proceeding, act of any governmental authority, act of Buyer, war, riot, sabotage, civil disturbance, embargo, fuel or energy shortage, wreck or delay in transportation, major equipment breakdown, inability to obtain necessary labor, materials or manufacturing facilities from usual sources, or any act, delay or failure to act of Seller's suppliers and subcontractors of any tiers beyond Seller or such supplier's of subcontractor's reasonable control. In the event of delay of performance due to any such cause, the date of shipment or time for completion will be extended by a period of time reasonably necessary to overcome the effect of such delay.

Section 7: Warranty/Defects. Seller warrants that the goods sold shall meet the written specifications supplied to Buyer by Seller and Seller agrees to replace any goods which fail to meet those standards. Notwithstanding the foregoing, all claims of breach of the foregoing warranty are subject to the following conditions and limitations.

(a) A warranty claim must be made in writing by Buyer within ten days after receipt at destination if ascertainable by visual examination of exterior surfaces of the package or container in which the goods are shipped, or made in written notice postmarked within 60 days after receipt if not so ascertainable.

(b) The goods providing the basis of any such claim shall be held by the Buyer for inspection and for instruction as to disposition by Seller. Goods being returned must be accompanied by Seller's Returned Goods Authorization within thirty (30) days. Acceptance of the goods by Buyer shall be in conformity with Section 2-606 of the Uniform Commercial Code, and the time limits set forth above shall be deemed conclusive as being reasonable time for inspection for purposes of making an effective rejection or revocation of acceptance.

(c) The use of any goods provided to the Buyer in the manufacture or recombination of the goods in any sort of manufacturing or assembly process shall be conclusively deemed to constitute acceptance of the goods, and no revocation of that acceptance may occur because it is mutually agreed that the use of those goods in a manufacturing or assembly process constitutes a 'substantial change in the condition of the goods' within the contemplation of Section 2-608 of the Uniform Commercial Code.

(d) No goods sold by the Seller may be returned for credit except by reason of breach of warranty as described above. All such goods must be returned to the Seller in original condition, with freight at the expense of the Seller. Credit will be allowed based upon the breach, provided that all goods have been returned, excepting only so much as may have been necessary to establish the breach of warranty. Where Seller has accepted a return of goods, title to all returned goods shall be revested in the Seller upon the application of the credit to the Buyer's account.

Buyer's failure to satisfy any of the foregoing conditions that are imposed upon the Buyer hereunder will result in Buyer's irrevocable waiver of the warranty set out in the first sentence of this section.

Seller warrants that goods sold to Buyer shall be free of any rightful claim of infringement or the like unless the product is manufactured or produced in compliance with specifications furnished by Buyer, provided, however, Seller does not warrant against infringement or the like by reason of the Buyer's use of Seller's goods in combination with other material or in operation of any process.

The express warranties set out above are the only warranties provided by Seller in the sale of goods to Buyer, and **SELLER DISCLAIMS ANY OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE.**

Section 8: Limitation of Liability. In placing an order for any goods, Buyer acknowledges that it bears the sole and exclusive responsibility for the safe storage, use, combination or further distribution of any such materials and bears the exclusive financial obligation for any harm to any person or property arising after delivery of the goods to the Buyer. Buyer acknowledges that materials comprising the goods are, or may be suspected to be, hazardous to human health, and Buyer assumes all risk, responsibility and liability for the use, storage, handling, or other disposition, of the material. It is expressly understood that any technical or safety advice furnished by Seller with reference to the use of goods is supplied without consideration and Seller assumes no obligation or liability for the accuracy or sufficiency of advice given or results obtained. All such advice is accepted at Buyer's risk. Seller's liability for any goods delivered which is not of the quality required is hereby limited to the replacement of such goods and absorption of all freight charges incident thereto. Under no circumstances shall Seller be liable to Buyer for any consequential or incidental damages, including, but not limited to loss of production, downtime, lost goodwill, lost resale profits, work stoppage, impairment of products or otherwise, and whether arising out of breach of contract, negligence or otherwise. Buyer's sole and exclusive remedy is limited to repair or replacement, at the Seller's option, of the goods or full or partial credit, therefore in no event shall any claim exceed the purchase price of the goods, and no claim or allowance will be considered unless the goods are returned in their entirety (or a full width sample as determined by Seller's sales engineer for inspection by Seller).

Section 9: Indemnity. Buyer shall indemnify and hold harmless Seller with respect to all damages, losses, claims and expenses, including but not limited to consequential and incidental damages and attorney fees, that Seller incurs as a result of Buyer's breach of any of Buyer's obligations under these Terms of Sale or any claimed unfair competition or patent, trademark or copyright infringement or any other claim resulting from Seller's manufacture of the goods, or performance of the services, to Buyer's specifications.

Section 10: Intellectual Property and Confidentiality. All inventions (whether or not patentable), devices, technologies, ideas, improvements, processes, systems, software and other works and matters that Seller creates or develops in the course of Seller's design, development or manufacture of the goods or performance of the services and all drawings and specifications that Seller provides to Buyer ("**Intellectual Property**") shall be Seller's sole property, and Buyer assigns, and agrees to assign, to Seller all right, title and interest that Buyer now has or in the future acquires in the Intellectual Property. Buyer shall not disclose or use any of the Intellectual Property or any information about Seller's business, operations or activities, except to the extent necessary for Buyer to use the goods or services.

Section 11: Time for Bringing Action. Any action that the Buyer brings against the Seller which relates to a sale of goods which is subject to these Terms of Sale must be brought within one year after the cause of action accrues.

Section 12: Seller's Rights. Seller has all rights and remedies given to Seller by applicable law, and Seller's rights and remedies are cumulative and may be exercised from time to time. A waiver by Seller of any right on one occasion will not be a waiver of any future exercise of that right.

Section 13: Complete Agreement/Amendment. The provisions of these Terms of Sale contain the entire agreement between Buyer and Seller respecting their subject matter. Any change in said agreement must be by a signed writing. The agreement is not assignable or transferable by either party, except to its successor, or to the transferee of all or substantially all the party's assets to which this contract relates.

Section 14: Dispute Resolution/Interpretation. Any dispute arising under a contract of sale which incorporates these Terms of Sale will be resolved exclusively through arbitration to be conducted in the City of Watertown, New York, under the auspices and rules of the American Arbitration Association. No litigation may be initiated in any federal or state court, except upon mutual agreement, or following the completion of arbitration as provided in the foregoing sentence. Any such litigation shall be conducted only in the federal or state courts having venue in the City of Watertown, New York, and Buyer irrevocably consents that any such court will have personal jurisdiction over Buyer and waives any objection that the court is an inconvenient forum . All costs of the litigation shall be assessed to and paid by the party against whom the disputes are resolved, but in the event that the resolution is not wholly in favor of either party, such costs shall be assessed and paid on an equitable assessment to be made by the arbitrator or a court having jurisdiction. Each contract of sale into which these Terms of Sale are incorporated shall be considered to have been made in the State of New York, and it shall be governed by and interpreted according to New York law except conflicts of law provisions thereof.