

# VIDON PLASTICS, INC.

## STANDARD TERMS AND CONDITIONS FOR PURCHASE ORDERS

“Buyer” means Vidon Plastics, Inc., a Michigan corporation with a principal place of business at 3171 John Conley Drive, Lapeer, Michigan 48446-2987, USA. “Seller” means the company that supplies goods and services to Buyer.

1. **TERMS OF CONTRACT.** The terms of the sale and purchase of the goods and services between Seller and Buyer are expressly limited to the terms contained in the Standard Terms and Conditions for this purchase order and all releases pursuant hereto if this is a blanket purchase order (hereinafter “an Order”). Any proposal for additional or different terms and any attempt by Seller to vary in any way any of the terms and conditions of this document are objected to and are rejected. Seller agrees that Buyer shall have the right to delete from Seller's documents, any terms which modify, contradict, vary, alter or add to the terms contained herein. If an Order is deemed to be an acceptance of a prior offer by Seller, such acceptance is conditional on Seller's assent to all additional or different terms and conditions contained in this document. Any of the following acts by Seller shall constitute Seller's agreement to be bound by the terms of this Order and all of these Standard Terms and Conditions: signing and returning a copy of this Order, delivery of any of the goods ordered, informing Buyer in any manner of commencement of performance, accepting payment for all or a portion of the goods or services covered by this Order, or returning Seller's own form of acknowledgment. The terms and conditions of this document cannot be changed in any manner without the express written approval by Buyer's authorized representative in an Addendum to these Standard Terms and Conditions executed by both Buyer and Seller. No course of dealing or course of performance between the Buyer and Seller nor any delay or omission by the Buyer to exercise any right or remedy granted under this Order shall operate as a waiver of any of Buyer's rights or remedies.

2. **PRICES.** Buyer shall not be billed at prices higher than those stated on this Order. Unless otherwise specified, the price stated includes all charges for packing, hauling and storage. Seller will pay all delivery charges in excess of any delivery charge Buyer has agreed in writing to pay. The price stated includes all taxes. Seller agrees that any price reduction made with respect to the items covered by this Order subsequent to its placement but prior to payment will be applicable to this Order.

3. **SETOFF.** Buyer shall be entitled to setoff at any time and without notice thereof, any amount owed by Buyer in connection with this Order against any amount owed to Buyer or any of Buyer's affiliates by Seller or any of Seller's affiliates. As to any party, the term “affiliates” means any corporation, partnership, trust or other entity controlling, controlled by or under common control with such party.

4. **DELIVERY.** Time is of the essence of this Order. The Order must be shipped complete by date requested but must not be shipped more than one week in advance of the time or times specified herein, without Buyer's prior written approval. Each package must be legibly marked on the outside to show contents, quantity and country of origin accompanying the last shipment in the Order. Seller shall not ship excess quantities without Buyer's prior written approval. Except as otherwise provided herein, Buyer shall not be obligated to accept untimely, excess or under shipments and such shipments in whole or in part may, at Buyers' option, be treated as a breach by Seller and such shipments may be returned to Seller, or held for disposition at Seller's expense and risk. Seller shall invoice all shipments in form/format mutually agreed upon by both parties. The invoice shall describe the items, the purchase order number, and any other identifying information unique to the shipment. A packing slip and an original bill of lading or other shipping receipt shall accompany all shipments. Any failure by Seller to deliver the goods or services covered by this Order of the quality warranted by Seller in paragraph 6, in the quantity or within the time specified in this Order, or to otherwise timely and properly perform its obligations to Buyer, shall constitute a material breach. In the event of such a breach, Buyer, in its sole discretion, may refuse to accept the goods or services and refuse to accept any undelivered installments. Buyer's failure to exercise this remedy with respect to any installment shall not constitute a waiver of this remedy for any later installment. These remedies are in addition to any rights and remedies otherwise available hereunder, at law or in equity.

5. **PREMIUM SHIPMENTS.** If Seller fails to meet Buyer's delivery requirements and Buyer requests a more expeditious method of transportation for the goods than the transportation method originally specified by Buyer, Seller shall, at Buyer's option, ship the goods as expeditiously as possible at Seller's expense and invoice Buyer only for the

amount which Buyer would have paid for the transportation method originally specified in the Order, or if Buyer incurs the cost of shipment either: (i) promptly reimburse Buyer the difference in cost between the more expeditious method and the original method or (ii) allow Buyer to reduce its payment of Seller's invoices by such difference.

6. **INSPECTION AND SPECIFICATIONS.** Seller warrants that all goods and services shall be according to the specifications, drawings, samples or other descriptions furnished by Buyer to Seller or that Buyer approves in writing. Substitutions will not be accepted. Buyer shall have a reasonable time after delivery to inspect the goods or services covered by this Order. Notwithstanding payment or any prior inspection or acceptance of the goods, Buyer may (at Buyer's option and sole discretion) reject, require correction or return the goods to Seller (at Seller's expense and risk of loss) any goods delivered or services rendered that do not conform to applicable requirements. Without limiting its remedies, after notice to Seller, Buyer may either (a) replace or correct any non-conforming goods or services and charge Seller the cost of such replacement or correction, or (b) cancel the Order.

7. **BUYER'S PROPERTY.** Unless otherwise provided in this Order, property of every description, including, but not limited to, all patterns, tools, jigs, dies, molds, models, equipment, materials, drawings, manufacturing aids and replacements of the foregoing furnished or paid for by Buyer shall be (a) the property of Buyer, (b) plainly marked or otherwise adequately identified by Seller as the property of Buyer, and (c) safely stored separate and apart from Seller's property. Seller shall retain and not use or rework tooling or other property of Buyer except for performance of work hereunder or as authorized in writing by Buyer. Seller shall keep such property in its possession and/or control in good condition, fully covered by insurance, free of liens and encumbrances, and will replace such property when lost, damaged or destroyed. Copies of certificates of such insurance will be furnished to Buyer on demand. At the completion of the goods requested by Buyer in this Order for which Buyer's property was required, Seller shall request disposition instructions for all such property, or the remainder thereof, whether in its original form or in semi-processed form. Seller agrees to make such property available to Buyer at Buyer's request, in the manner requested by Buyer including preparation, packing and shipping as directed. Expenses for shipment will be Seller's and shipment shall be made F.O.B. Buyer's plant.

8. **INSURANCE.** Seller shall maintain insurance coverage in amounts not less than the following: (a) Worker's Compensation - Statutory Limits for the state or states in which this Order is to be performed for evidence of authority to self-insure; (b) Employer's Liability - \$250,000; (c) Comprehensive General Liability (including Products/Completed Operations and Blanket Contractual Liability) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury and \$1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit, and (d) Automobile Liability (including owned, non-owned and hired vehicles) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury and \$1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit. At Buyer's request, Seller shall furnish to Buyer certificates of Insurance setting forth the amount(s) of coverage, policy number(s) and date(s) of expiration for insurance maintained by Seller and, if further requested by Buyer, such certificates will provide that Buyer shall receive thirty (30) days prior written notification from the insurer of any termination or reduction in the amount or scope of coverages. All insurance required hereunder shall be maintained with an insurance company rated A+ or better by Best's. Seller's purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of any of its obligations or liabilities under this Order. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by this Order and shall not be required to make further payments except, if Buyer elects to retain such goods.

9. **WARRANTY.** Seller warrants that the goods or services will (a) comply with all specifications, drawings, descriptions or samples furnished and/or specified by Buyer, (b) be new and of merchantable quality, (c) be free from defects in material, workmanship and design, (d) be fit and sufficient for the purposes intended and (e) be performed in accordance with no less than the standards of care and diligence customarily practiced by persons in the industry performing similar services. Seller further warrants that on delivery Buyer will receive good title to the goods, free

and clear of all liens and encumbrances and that all goods will be free from any actual or claimed patent, copyright or trademark infringement. These warranties are in addition to any warranties implied by law or otherwise made by Seller. Seller agrees that any inspection, test, acceptance or use of the goods or services by Buyer shall not affect Seller's obligations under this warranty and that the warranty shall survive inspections, tests, acceptance and use. The warranty shall run to Buyer, its successors, assigns, customers and users of products sold by Buyer. In addition to all of Buyer's other remedies, Seller agrees to promptly replace or correct defects of any goods or services not conforming to this warranty, without cost to Buyer. Any replacement goods or services shall be subject to this Order.

10. **INDEMNIFICATION.** Seller shall indemnify, defend (using counsel acceptable to Buyer) and hold harmless Buyer and its affiliates and their respective shareholders, officers, directors, employees, customers, users of Buyer's products, subcontractors and agents, and their respective successors and assigns, from any loss, costs, damages, expenses, lawsuits, claims or liabilities of any kind (including attorneys' fees and expenses) by reason of monetary losses, property damage or personal injury (including death), or otherwise, including, without limitation, incidental and consequential damages and lost profits, arising out of, in connection with or as a result of, Seller's performance or non-performance of this Order, and/or the breach by Seller by any representation, warranty, obligation or other liability, whether arising out of the actions or inactions of Seller or of its employees, subcontractors or agents.

11. **PATENTS.** No rights are granted to Seller under any of Buyer's patents except as may be necessary to fulfill Seller's obligations under this Order. Seller guarantees that the goods and services described in this Order and the sale or use of such goods and services will not infringe any United States or foreign Letters Patent, Trademarks, Copyrights or other rights of third parties and Seller agrees to indemnify, defend and save harmless Buyer, its successors, assigns, customers, and users of its product, against all suits at law or in equity, and from all damages claims and demands for actual or alleged infringement of any Patent, Trademarks or Copyrights by reason of the purchase, sale or use of the material hereby ordered. Seller acknowledges that Buyer will be entitled to full and exclusive ownership of any and all inventions, creations, discoveries, or improvements, whether patentable or not, that are conceived or first actually reduced to practice in the performance of any Order placed by Buyer. Seller hereby assigns and agrees to assign to Buyer any and all such inventions, creations, discoveries, or improvements, and Seller also assigns and agrees to assign to Buyer all intellectual property rights thereto, including any patents, trade secrets and copyrights issuing thereon. Seller agrees that all copyrightable works created in connection with the performance of this Order shall be the sole and exclusive property of Buyer. To the extent that such works for any reason are not deemed to be "works for hire", Seller hereby assigns to Buyer all proprietary interests, including copyrights, in such works, without further compensation.

12. **WORK ON BUYER'S PREMISES.** (a) If Seller's employees, contractors, or agents provide services to Buyer on Buyer's premises, Seller shall examine the premises to determine whether they are safe for such services and shall advise Buyer promptly of any situation it deems to be unsafe. (b) Seller shall handle and be responsible for every claim that arises from Seller's work on Buyer's premises that is for actual or alleged injury or damage to any person, property, economic loss, worker's compensation claim, or violation of any law or otherwise, or, at Buyer's option, provide all reasonable assistance to Buyer in Buyer's handling of such claims, unless the claim arises solely from the gross negligence of the Buyer, its agents or employees.

13. **COMPLIANCE WITH LAWS.** Seller agrees to comply with all applicable foreign, federal, state and local laws, rules and regulations in the performance of the obligations called for by this Order or in the creation and delivery of the goods and services provided pursuant to this Order. Seller shall require a similar agreement from all its subcontractors. Seller agrees to indemnify Buyer against any loss, expense and penalty incurred by Buyer as the result of Seller's failure to comply with this provision. Upon request, Seller shall furnish Buyer certificates of compliance with such laws, rules, regulations and Orders.

14. **CONFIDENTIAL INFORMATION.** The specifications, drawings, designs, manufacturing data and other information which Buyer may disclose to Seller in connection with the performance of this Order are the property of Buyer and shall not be used, reproduced or disclosed to others by Seller. Seller agrees not to disclose to any person outside its employ and not expressly authorized in writing by Buyer to receive it, any information relating to Buyer's affairs. Upon termination of this Order, Seller shall return to Buyer, upon its request, all drawing blueprints, description and other paper which contain confidential information.

15. **TERMINATION.** Buyer may terminate this Order in whole or in part, for its sole convenience at any time. Upon termination, Seller shall immediately stop performance of this Order. Seller's sole remedy for Buyer's termination shall be the sum of the following: percentage of the work satisfactorily completed as of the date of termination multiplied by the Order price. Seller shall not be entitled to receive damages or compensation for any work performed after it received Buyer's notice of termination.

16. **CANCELLATION.** If Seller (a) fails to deliver goods or perform services at the time specified herein, (b) breaches any other provision hereof, (c) becomes insolvent, makes an assignment in favor of creditors, or enters bankruptcy or dissolution proceedings, or (d) is merged into another company, Buyer may cancel the whole or any part of this Order without any liability, except for payment due for goods and services delivered and accepted. Upon such cancellation, Buyer will have the right to take title to and possession of all or any part of such work performed by Seller under this Order.

17. **CHOICE OF LAW AND CHOICE FOR FORUM.** This contract shall be interpreted in accordance with and governed by the laws of the State of Michigan. Seller irrevocably consents to personal jurisdiction and venue in state or federal court in Lapeer County, Michigan, for purposes of resolving all disputes hereunder.

18. **ASSIGNMENT.** Neither this Order nor any rights or obligations herein may be assigned by Seller nor may Seller delegate the performance of any of its duties hereunder without, in either case, Buyer's prior written consent.

19. **WAIVER.** Waiver by Buyer of a breach by Seller of any of the terms and conditions of this contract shall not constitute a waiver of any breach of the same or any other term.

20. **ENTIRE AGREEMENT.** The contract to which these terms and conditions are attached constitute the entire agreement between the parties and no modification of this contract shall be binding unless in writing and signed by both parties hereto.

21. **BINDING EFFECT.** All of the terms and conditions of this contract shall be binding upon and inure to the benefit of the parties' respective heirs, successors, administrators, legal representatives and permitted assigns.

22. **FURTHER ASSURANCES.** Each party agrees to sign and deliver all documents, instruments, certificates and applications and take all other actions which may be deemed reasonably necessary by the other party to consummate the transactions contemplated by this contract.

23. **SEVERABILITY.** If any provision of the parties' contract is determined to be unenforceable, the remaining contract terms shall remain valid and enforceable.

24. **GOODS AND SERVICES.** As used in this contract, the terms "goods" and "services" shall be interchangeable.

25. **ARBITRATION.** Any disputes between the parties regarding any provision in this contract may be resolved, at Buyer's option, by binding arbitration before the American Arbitration Association in Detroit, Michigan, according to its rules of commercial arbitration and subject to the Michigan statutes governing Arbitration. Judgment upon the award of the arbitrators may be entered by any court of competent jurisdiction.

26. **REMEDIES.** All rights and remedies of Buyer herein shall be cumulative and shall not exclude any other rights or remedies available at law or in equity.

27. Nothing in connection with this Order is intended to, or does, create any joint venture, partnership, agency or similar relationship between Buyer and Seller, other than a buyer and seller relationship. Seller is not, and it is not authorized to represent itself as, an agent or representative of Buyer for any purposes.