



STANDARD TERMS AND CONDITIONS OF SALE

All sales of General Formulations, Inc. products are made on the following terms and conditions. The product or products being sold by General Formulations are referred to below as the "goods," and General Formulations is referred to as "Seller."

1. OFFER AND ACCEPTANCE

The quotation provided by Seller, as may be amended from time to time, is an offer to enter into a contract with the buyer identified on the quotation or to whom the quotation is otherwise provided (hereinafter the "Buyer") to sell to Buyer the goods described on Seller's quotation. These Terms of Sale and Seller's quotation and [order confirmation], together with any documents that are mutually executed by authorized representatives of each of the parties, constitute the "Contract". Neither Seller's quotation, any order confirmation or other document issued by Seller nor Seller's manufacture or delivery of the goods shall constitute an acceptance of any terms and conditions attached to or incorporated into any purchase order or other document issued by Buyer, and any such general terms and conditions issued by Buyer are specifically excluded and not incorporated into the Contract. Any of the following acts by Buyer shall constitute its acceptance of Seller's offer and these Terms of Sale in their entirety: (i) acknowledging Seller's quotation; (ii) issuing a purchase order for the goods on the same or substantially the same terms as reflected on the face of Seller's quotation; (iii) accepting delivery of the goods; or (iv) by other conduct which fairly recognizes the existence of a contract for the purchase and sale of the goods. Any additional or different terms proposed by Buyer, whether in its purchase orders, request for quotation, or other written materials, or otherwise are unacceptable to and expressly rejected by Seller and are not part of the Contract and shall have no effect with respect to any purchases of the goods by Buyer. Acceptance by Buyer of this offer and Seller's performance under any purchase order issued by Buyer is expressly limited to and conditioned upon Buyer's acceptance of the terms of Seller's quotation and these Terms and Conditions of Sale exclusively.

2. Payment Terms

1% 10, net 30 days. Payment in full of the prices is due thirty (30) days after shipment, without discount, except that if at any time Seller determines that Buyer's financial condition or credit rating does not justify a sale on credit or if Buyer is in default on any payment to Seller, Seller may require advance payment or may ship C.O.D. Any payment not made when due shall accrue a late charge of 1-1/2% per month (but not in excess of the maximum rate allowed by law). Payment must be made at Seller's office in Sparta, Michigan.

3. Delivery and Risk of Loss

Delivery will be F.O.B. Seller's plant or other point of origin, but risk of loss of the goods shall pass to Buyer upon identification of the goods to this contract. Shipping dates are estimates only, and time is not of the essence. Seller may ship all the goods at one time or in portions from time to time. Seller shall have the right to determine the method of shipment and routing of the goods, unless otherwise specified by Buyer.

4. Taxes

Seller's price does not include any privilege, occupation, personal property, value-added, sales, excise, use or other taxes, and Buyer shall be liable for all such taxes, whether or not invoiced by Seller.

5. Unavoidable Delay

If Seller is unable to finish and ship the goods to Buyer on time because of anything Seller cannot control (including, but not limited to, casualty, labor trouble, governmental act or regulation, plant breakdown, power failure, accidents, unavailability of supplies or transportation, or acts of God), the estimated delivery time will be extended accordingly, and Seller will not be liable to Buyer for any damages caused by the delay.

6. Changes

Seller shall have the right to make design or engineering changes in its parts, equipment, processes and methods of manufacture, but shall make no changes in operational or dimensional specifications submitted by Buyer without Buyer's prior approval.

7. Warranty and Exclusive Remedy

- (a) **Material and Workmanship.** Subject to the provisions of Paragraph 7 (b) hereof, Seller warrants to Buyer only that the goods shall be free from defects in materials and workmanship during the shelf life of the goods. Seller's obligation and Buyer's sole and exclusive remedy for any good which Seller determines does not comply with the foregoing warranty during the warranty period shall be limited to, at Seller's option, either a refund of the purchase price or replacement of the affected good(s). Transportation charges for any good claimed to be nonconforming with this warranty and any replacement good shall be borne by Buyer.
- (b) **Exclusions.** SPECIFICALLY EXCLUDED FROM THE ABOVE PARAGRAPH AND ANY WARRANTY ARE THE FOLLOWING, FOR WHICH SELLER SHALL HAVE NO LIABILITY WHATSOEVER: (i) damage caused by selection, application, use, installation, alteration, repair, maintenance (including failure to provide appropriate maintenance), storage or handling of the goods by Buyer or any third party; (ii) any product, good, component, system, or assembly not manufactured or sold by Seller and/or the application, combination, integration, incorporation, interaction, connection, placement, or use of conforming goods in, on, or with any such product, good, component, system, or assembly, (iv) goods that have been subject to damage attributable to or caused by: (a) misuse, accident, neglect, abuse, or vandalism or any transit related damage; (b) exposure to excess temperature, fire, water or other incompatible fluid or substance, (c) acts of God or insurrection; (d) normal wear and tear; (e) or any other acts that are beyond Seller's reasonable control.
- (c) **Notice of Claims.** Buyer shall inspect the goods immediately upon delivery. Notice of any claim for shortage of goods or alleged nonconformity with this warranty that was or could have been discovered on such inspection shall be made to Seller within five (5) days thereafter, and if not discoverable upon inspection, within five (5) days after. Buyer shall, upon Seller's request, furnish reasonable proof of any claimed defect and Seller shall be given an opportunity to investigate the claim. Only if Seller determines that the good is nonconforming shall Buyer be entitled to a refund or replacement of the good. Failure of Buyer to give notice of any claim within the specified period shall be deemed an absolute and unconditional waiver of such claim any remedy.
- (d) **Warranty Disclaimer.** EXCEPT AS PROVIDED HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, ORAL, WRITTEN, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, OR AGAINST INFRINGEMENT, ALL OF WHICH ARE HEREBY EXPRESSLY DISCLAIMED. BUYER IS SOLELY RESPONSIBLE FOR THE SELECTION OF THE GOODS AND DETERMINING THE PROPER APPLICATION AND USE OF THE GOODS. THE REMEDIES OF THE BUYER SHALL BE LIMITED TO THOSE PROVIDED HEREIN TO THE EXCLUSION OF ANY AND ALL OTHER REMEDIES. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING WARRANTIES, REMEDIES OR THIS LIMITATION WILL BE BINDING UPON SELLER UNLESS IN WRITING AND SIGNED BY A DULY AUTHORIZED OFFICER OF SELLER. NO PERSON, INCLUDING BUYER, IS AUTHORIZED BY SELLER TO MAKE WARRANTIES OR ASSUME ANY LIABILITY FOR SELLER WITH RESPECT TO THE GOODS. NO SALESPERSON, REPRESENTATIVE OR AGENT IS AUTHORIZED TO PROVIDE ANY GUARANTEE, WARRANTY, OR MAKE ANY REPRESENTATION CONTRARY TO THE FOREGOING.

LIMITATION OF LIABILITY

- (a) SHOULD THE REMEDY OF REPLACEMENT BE FOUND TO BE INADEQUATE OR TO HAVE FAILED OF ITS ESSENTIAL PURPOSE FOR ANY REASON WHATSOEVER, SELLER'S LIABILITY, WHETHER FOUNDED IN CONTRACT, TORT, STATUTE OR OTHERWISE (INCLUDING NEGLIGENCE, WARRANTY AND STRICT LIABILITY), ARISING OUT OF OR RELATED TO THE GOOD SHALL NOT EXCEED THE PURCHASE PRICE OF THE GOOD(S) WITH RESPECT TO WHICH LOSS OR DAMAGED IS CLAIMED. BUYER THEREFORE AGREES THAT RETURN TO IT OF THE FULL PURCHASE PRICE OF THE GOOD(S) AT ISSUE SHALL BE A FAIR AND ADEQUATE REMEDY.

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- (b) NOTWITHSTANDING ANYTHING TO THE CONTRARY, IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR ANY OTHER PERSON OR ENTITY FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING FROM THE SALE OF THE GOODS OR IN CONNECTION WITH THE USE OR INABILITY TO USE THE GOODS FOR ANY PURPOSE WHATSOEVER, IRRESPECTIVE OF WHETHER THE CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, WARRANTY OR OTHERWISE.
- (c) THE REMEDIES SET FORTH HEREIN ARE EXCLUSIVE.

8. Solvency and Security Interest

Buyer represents that Buyer is solvent. Seller retains a security interest in the goods to secure payment of the price and all other indebtedness now and in the future owing by Buyer to Seller. At Seller's request, Buyer will sign and deliver to Seller a financing statement evidencing this security interest.

9. Permits and Compliance

Seller is not responsible for obtaining any permits, inspections or licenses required for installation or operation of the goods. Seller makes no promise or representation that the goods will conform to any federal, state or local laws, ordinances, regulations, codes or standards.

10. Quantities

Seller may overrun or underrun the agreed-upon quantities by up to 10%, and Buyer will pay Seller at the unit price for quantities that Seller delivers within these limits. Any claim by Buyer that Seller failed to deliver the agreed-upon quantity of goods (subject to any adjustment under the preceding sentence) must be submitted to Seller in writing within thirty (30) days after Buyer receives the goods. If Buyer fails to do so, it will be conclusively presumed that the proper quantity was delivered.

11. Cancellation

Buyer has no right to cancel its agreement to purchase the goods from Seller. If, however, Seller agrees in writing to permit cancellation, Buyer will immediately pay to Seller a cancellation charge in an amount equal to the purchase price less allowances (in amounts determined by Seller) for (a) the realizable value to Seller of any standard components purchased or ordered by Seller before cancellation, (b) the realizable scrap value to Seller of the remaining material and tooling purchased, fabricated or ordered by Seller before cancellation, and (c) any direct labor costs saved by Seller by reason of the cancellation.

12. Indemnity

Buyer will indemnify and hold harmless Seller from and against all damages, losses, claims and expenses, including attorney fees, incurred by Seller as a result of (a) any breach by Buyer of any of its obligations under the terms of sale, or (b) any claimed unfair competition or patent, trademark or copyright infringement or any other claim resulting from Seller's manufacture of the goods to Buyer's specifications.

13. Seller's Rights

Seller has all rights and remedies given to sellers by applicable law, and Seller's right and remedies are cumulative and may be exercised from time to time. No waiver by Seller of any right on one occasion will be a waiver of any future exercise of that right.

14. Time For Bringing Action

Any action by Buyer against Seller for breach of this Agreement or for any other claim arising out of or relating to the goods or their design, manufacture, sale or delivery must be brought within one year after the cause of action accrues.

15. Applicable Law

This agreement between Seller and Buyer shall be considered to have been made in the State of Michigan, and it shall be governed by and interpreted according to Michigan law. Any action arising out of or relating to this agreement may be brought in any federal or state court in Kent County, Michigan, having jurisdiction of the subject matter, and Buyer irrevocably consents that any such court shall have personal jurisdiction over Buyer and waives any objection that the court is an inconvenient forum.

16. Complete Agreement; Amendment

The terms on the reverse side, these standard terms, and the product and price designations contained in Schedule A represent the entire agreement between Buyer and Seller. Any change in this agreement must be by a signed writing.

17. Force Majeure

The company shall not be liable for any loss, damage, delay, changes in shipment schedules or failure to deliver caused by accidents, fire, strikes, riots, civil commotion, insurrection, war, the elements, embargoes, failure of carriers, inability to obtain transportation facilities, government requirements, acts of God or public enemy, prior orders from customers or limitations on the company's or its supplier's production or marketing activities or any other causes or contingencies beyond the company's control.