

ADHESIVES RESEARCH'S CONDITIONS OF PURCHASE**1. ACCEPTANCE AND TERMS AND CONDITIONS:**

(a) Seller should accept this order and any amendments thereto by signing the acceptance copy and returning it to Purchaser promptly.

b) By acceptance of this order, Seller agrees to be bound by, and to comply with all the terms and conditions of this order, including any supplements thereto, and all specifications and other documents referred to in this order. However, performance of the work called for by this order in the absence of Seller's written acknowledgment thereof shall be deemed acceptance of this order. **THE LEGAL PURPOSE OF THIS PURCHASE ORDER DOCUMENTATION OF THE CONTRACT SHALL NOT BE VITIATED OR NULLIFIED BY ANY STATEMENTS IN ANY OF SELLER'S DOCUMENTS.**

(c) This order does not constitute an acceptance by Purchaser of any offer to sell, any quotation, or any proposal. Reference in this order to any such offer to sell, quotation, or proposal shall in no way constitute a modification of any of the terms and conditions of this order. This purchase order is effective and expressly conditional on suppliers' assent to all terms and conditions on this purchase order that are additional to or different from those stated in supplier's quotation or other offering documents. **AN ATTEMPTED ACKNOWLEDGMENT OF THIS ORDER AND/OR TEXT ON INVOICES CONTAINING DIFFERENT OR ADDITIONAL TERMS AND CONDITIONS INCONSISTENT WITH THE TERMS AND CONDITIONS OF THIS ORDER ARE NOT BINDING UPON PURCHASER UNLESS SPECIFICALLY ACCEPTED BY PURCHASER IN WRITING AND PURCHASER HEREBY OBJECTS THERETO.**

2. DEFAULT: On time delivery is required except in instances of delay which are due to causes beyond the reasonable control and without the fault or negligence of Seller and all of its suppliers, direct and indirect of every subcontract level. Payment of partial deliveries will be made only after the total order is delivered. Purchaser may with written notice of default to Seller (a) terminate the whole or any part of this order in any one of the following circumstances: (i) if Seller fails to perform within the time specified herein or any extension thereof; or (ii) if Seller fails to perform any of the other provisions of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days or such longer period as Purchaser may authorize in writing after receipt of notice from Purchaser specifying such failure; (b) upon such termination Purchaser may procure, upon such terms as it shall deem appropriate supplies or services similar to those so terminated, in which case Seller shall continue performance of this order to the extend not terminated and shall be liable to Purchaser for any excess costs for such similar supplies or services. As an alternate remedy, and in lieu of termination for default, Purchaser, at its sole discretion, may elect (1) to extend the delivery schedule and/or (2) to waive other deficiencies in Seller's performance, in which case an equitable reduction in the Purchase Order price shall be negotiated, in the event Seller for any reason anticipates difficulty in complying with the required delivery date, or in meeting any of the other requirements of this order, Seller shall promptly notify Purchaser in writing, if Seller does not comply with Purchaser's delivery schedule, purchaser may require delivery by fastest way and charges resulting from the premium transportation must be fully prepaid and absorbed by the Seller. The rights and remedies of the purchaser provided in this clause shall not be excluded and are in addition to any other rights and remedies provided by law or under this Purchase Order. **NOTE:** The term "TIME IS OF THE ESSENCE" may appear on the front of this order and Seller understands that late delivery is a severe default/breach of contract. (Important also see Termination, Section 13)

WARRANTIES:

(a) Seller warrants that all goods and services sold hereunder or pursuant hereto will be free of any claim of any nature by any third person and that Seller will convey clear title thereto Purchaser as provided hereunder.

(b) This purchase order contract is expressly conditional on the inclusion of all express and implied warranties. Seller warrants and represents that all goods sold hereunder or pursuant hereto will be of merchantable quality, free from all defects in design, workmanship and materials, and are fit for the particular purposes for which they are purchased and that the goods are provided in strict accordance with the specifications samples, drawings, design, or other requirements (including performance specifications and AR's acceptance criteria) approved or adopted by Purchaser. When functional/performance specifications/acceptance criteria are agreed to in advance then Seller shall guarantee their design. If after delivery problems occur as a result of Seller's own design problems and corrective modifications are deemed necessary by AR, Seller shall make such corrections at no cost to AR.

(c) Purchaser reserves all warranty and remedy (damages) protection afforded under the USA Uniform Commercial Code and not the CISG. Seller shall reimburse Buyer for the costs of remaining or used defective material/services, other lost materials, labor, production opportunity, profit, and customer claims of Purchaser resulting from Seller's non-compliant or improperly functioning equipment, products or services.

(d) Any attempt by Seller to limit, disclaim, or restrict any such warranties or remedies of Purchaser, by acknowledgment or otherwise, in accepting or performing this order, shall be null, void, and ineffective without Purchaser's written consent.

(e) Seller warrants that the prices set forth in this agreement are valid under the provisions of the Robinson-Patman (Price Discrimination) Act, Canadian Competition Act, and all other pertinent laws, orders and regulations.

4. REJECTIONS: If any of the goods ordered are found at any time to be defective in material or workmanship or otherwise not in conformity with the requirements of this order, including any applicable drawings and specifications, Purchaser, in addition to such other rights, remedies and choices as it may have by contract or by law, at its options and sole discretion may: (a) reject and return such goods at Seller's expense; (b) require Seller to inspect the goods and remove and replace nonconforming goods with goods that conform to this order. If Purchaser elects option (b) above and Seller fails to promptly make the necessary inspection removal and replacement, Purchaser may at its option inspect and sort the goods. Seller shall pay the cost thereof.

5. PURCHASER'S PROPERTY: Unless otherwise agreed in writing, all tools, equipment or material of every description furnished to Seller by Purchaser or specially paid for by Purchaser, and any replacement thereof, or any materials affixed or attached thereto, shall be and remain the personal property of Purchaser. Such property and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as "Property of Adhesives Research, Inc." and shall be safely stored separate and apart from Seller's property. Seller shall not substitute any

property to Purchaser's property and shall not use such property except in filling Purchaser's orders. Such property while in Seller's custody or control shall be held at Seller's risk, shall be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Purchaser and shall be subject to removal at Purchaser's written request.

6. CHANGES: The Purchaser may at any time, in writing, make changes within the general scope of this Purchase Order, in any one or more of the following: I. drawings, designs, or specification where the goods to be furnished are to be specially manufactured for the Purchaser in accordance therewith; II. method of shipment or packing; III. place of delivery; and IV. the amount of Government-furnished property. V. Seller shall not change or deviate from Purchaser's Specification, substitute or change manufacturer source of items ordered by Purchaser or raw materials/OEM components needed by Seller to manufacture item ordered, nor will Seller change test methods without prior written agreement from Purchaser. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any work under this contract, whether changed or not changed, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the Purchase Order shall be modified in writing accordingly. Any claim by the Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by the Seller of the notification of change; provided, however, that the Purchaser, if he so chooses, may receive, and act upon any such claim asserted at any time prior to final payment under this contract. Any change in this order shall be authorized only by a duly executed Purchase Order Amendment hereto.

7. SERVICES/CONSULTING (non goods orders): Where sections can be relevant, this document also pertains to professional, consulting, engineering, or other technical services, and labor for maintenance, repair and operating services. Professional Liability Insurance is additionally required coverage. Documented verification of professional education, credentials, licenses, and permits are required when requested by Purchaser. A sole proprietor's Social Security number is required for 1099 purposes. No order may automatically renew and all orders are for a specified time period, limited number of services/performance, and/or have a maximum total cost limit. Purchaser's property in Seller's possession is a considered a bailment. Seller is financially responsible for their performance and/or the results of Purchaser utilizing property acted upon by Seller or following Seller's professional recommendations / designs regardless of whether or not Seller was paid for services. Timely reports/certifications are required to define results found or actions performed. For work that is under disputed specification/definition or subjective quality or definition of completion, Purchaser will solely determine when resolution is satisfactory.

8. NON-ASSIGNMENT: Assignment of this order or any interest therein or any payment due or to become due hereunder, without the written consent of the Purchaser, shall be void.

9. SET-OFF: Purchaser shall be entitled at all times to set off any amount any time owed by Seller to Purchaser or Purchaser's affiliated companies against any amount payable at any time by Purchaser in connection with this order.

10. COMPLIANCE WITH LAWS: Seller agrees to comply with the applicable provisions of any federal, state, or local law or ordinance and all lawful orders, rules, and regulations issued thereunder, and any provisions, representations or agreements, or contractual clauses required thereby to be included or incorporated by reference or operation of law in the contract resulting from acceptance of this order and dealing with USA UCC (imports also UCC not CISG), software UCITA, the relevant portions of Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973 and Section 2012 of the Vietnam Era Veterans Readjustment Assistance Act of 1974 and the implementing rules and regulations are hereby incorporated by reference. *Seller also warrants that the prices set forth in this agreement are valid under the provisions of the Robinson-Patman (Price Discrimination) Act, Canadian Competition Act, and all other pertinent laws, orders and regulations.

Seller certifies that with respect to orders which exceed \$10,000 he is in compliance with the requirements for non-segregated facilities set forth in 41 CFR Chapter 60-1.8.

Further, Seller warrants that each chemical substance constituting or contained in goods sold or otherwise transferred to Purchaser hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (P.O. 94-469) as amended.

Further, Seller certifies and guarantees that the goods supplied hereunder are in compliance with applicable sections of the Federal Consumer Product Safety Act (P.L. 92-573) as amended, and the Federal Hazardous Substances Act (P.O. 92-516) as amended, and lawful standards and regulations thereunder.

Further, in accepting this order Seller represents that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, including Section 12(a) and Seller shall insert a certificate to that effect on all invoices submitted in connection with this order.

Further, EEO Clause: During the performance of this contract (or purchase order), the contractor/vendor agrees to comply with all Federal, state and local laws respecting discrimination in employment and non-segregation of facilities including, but not limited to, requirements set out at 41 CFR 60-1.4, 60-250.5 and 60-741.5, which equal opportunity clauses are hereby incorporated by reference.

Further, Notification is hereby given that compliance with these clauses may require the contractor/vendor to annually file certain reports (e.g. the EEO-1 Report and VETS-100 Report) with the Federal government and may require the contractor/vendor to develop written Affirmative Action Programs for Women and Minorities, covered Veterans and/or Persons With Disabilities.

11. **CONFIDENTIAL OR PROPRIETARY INFORMATION:** Any knowledge or information which the Seller shall have disclosed or may hereafter disclose to the Purchaser, and which in any way relates to the goods or services covered by this order and Purchaser's Material Schedule, shall not, unless otherwise specifically agreed to in writing by the Purchaser, be deemed to be confidential or proprietary information, and shall be acquired by Purchaser, free from any restrictions (other than a claim for patent infringement), as part of this consideration for this order and Purchaser's Material Schedule.

12. **INSOLVENCY:** If Seller ceases to conduct its operations in the normal course of business, including mobility to meet its obligations as they mature, or if any proceeding under the bankruptcy or insolvency laws is brought by or against Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by the Seller, Purchaser may terminate this order without liability, except for deliveries previously made or for goods covered by this order then completed and subsequently delivered in accordance with the terms of this order.

13. **TERMINATION:** The Purchaser may terminate all or any part of this order at any time, for any reason, by written notice to Seller. Upon termination, Purchaser and Seller shall negotiate reasonable termination charges which will be identified by Seller within 30 days of termination. In case of AR's Termination of this Contract and in an effort by AR to assure the Seller is reimbursed for out-of-pocket expenses, AR will, instead, reimburse Seller for irrevocable costs and commitments for only materials and labor Seller has made toward satisfying contract up until the date of AR's termination.

Purchaser shall have the right to take possession of and use for any purpose any goods, materials, documents or software, etc. resulting from the work accomplished so far. Purchaser reserves the right to cancel all or any part of this Order upon default/breach by the Seller of the terms of the Order or when deliveries have not been made by the specified delivery date, at no cost to the Purchaser. Important, also see Section 2.

14. **INFORMATION:** Seller shall keep confidential any technical, process or economic information derived from drawings, specifications and other data furnished by Purchaser in connection with this order and shall not divulge, export, or use, directly or indirectly, such information for the benefit of any other party without obtaining Purchaser's prior written consent. Except as required for the efficient performance of this order, Seller shall not make copies or permit copies to be made of such drawings, specifications, or other data without the prior written consent of Purchaser. If any reproduction is made with prior consent, this notice shall be provided thereon. Upon completion or termination of this order, Seller shall promptly return to Purchaser all materials and any copies thereof, except for one record copy, incorporating any such information.

15. **ENTIRE AGREEMENT:** This Purchase Order, with such documents as are expressly incorporated herein by reference, is intended by the parties as a final expression of their agreement with respect to such terms as are included herein, and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealing between the parties and no usage of the trade shall be relevant to determine the meaning of the agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection.

16. **WAIVER:** No claim or right arising out of a breach of this contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party. The failure of Purchaser to enforce at any time or for any period of time any of the provisions hereof shall not be construed to be a waiver of such provisions nor the right of Purchaser thereafter to enforce each and every such provision.

17. **PATENTS:** Seller shall defend any suit or proceeding brought against Purchaser or its customers that is based on a claim that any article or apparatus, or any part thereof constituting goods furnished under this order (or Purchaser's Material Schedule), as well as any device or process necessarily resulting from the use thereof, constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information, and assistance (at Seller's expense) for the defense of same, and Seller shall pay all damages and costs awarded therein. In case use of said article or apparatus, part or device is enjoined, Seller shall, at its own expense and at its option, either procure for Purchaser the right to continue using said article or apparatus, part or device; or replace same with a non-infringing equivalent; or remove said article or apparatus and refund the purchase price and the transportation and installation.

18. **GOVERNING LAW:** The rights, obligations and relations of the parties hereto shall be construed and determined in accordance with the substantive law of the State of Pennsylvania and UCC (not CISG). Any action, suit or proceeding arising from or relating to this Agreement shall be brought and maintained in the appropriate state or federal court of the State of Pennsylvania. Costs resulting from litigation: Each party pays their own attorney and related litigation expenses regardless of the outcome of mediation or court verdict. Any dispute arising under this contract shall be adjudicated in an appropriate court of law rather than in an arbitration or other alternative dispute resolution proceeding.

19. These Conditions of Purchase prevail over Seller's Terms and Conditions of Sale. The statements on the front of this purchase order or its Addendum(s) prevail over conflicts with these Conditions of Purchase.

OTHER CLAUSES:

A. **PUBLICATIONS:** The Seller agrees that no acknowledgment or other information concerning the order and the supplies or services provided hereunder will be made public by the Seller without the prior written agreement of the Purchaser.

B. **EXTRA CHARGES:** No extra charges of any kind will be allowed unless specifically agreed to by Purchaser in writing by the Purchaser.

C. **TRANSPORTATION:** Unless otherwise stipulated on the face of this order, goods covered by this order shall be shipped to AR with Transfer of Ownership, risk of loss, with title passing to AR "FOB" destination of AR's choice. Supplier pays freight costs unless negotiated otherwise on individual orders or in over-ride agreements. No charges for unauthorized transportation will be allowed. Any unauthorized shipment which will result in excess transportation charges must be fully prepaid by the Seller. Seller shall not declare any value on such material shipped via United Parcel Service, Rail Express, Air Express, Air Freight or Parcel Post. Seller shall release rail or truck shipments at the lowest

released valuation permitted in the governing tariff or classification.

ISPS Warning: International Ship and Port Facility Security Code of July 1, 2004. AR hereby formally states that AR WILL NOT PAY AND REQUIRES SELLER TO PAY ADDITIONAL COSTS IF THE VESSEL THAT SELLER SELECTS TO SHIP AR PURCHASED MATERIALS TO THE USA IS NOT IN COMPLIANCE WITH ISPS. SELLER ACCEPTS THIS CONDITION AND THAT THIS CONDITION IS A PART OF THIS CONTRACT.

D. **ANTICIPATION OF DELIVERY SCHEDULE:** Unless otherwise agreed in writing, Seller shall not make material commitments or production arrangements in excess of the amount or in advance of the time necessary to meet Purchaser's delivery schedule. It is Seller's responsibility to comply with this schedule, but not to anticipate Purchaser's requirements. Goods shipped to Purchaser in advance of schedule may be returned to Seller at Seller's expense. Payment of partial deliveries will be made only after the total order is delivered.

E. **INSURANCE:** When Seller is performing work on the land or within buildings owned or leased by AR or on equipment or materials owned by the Purchaser, the Seller/Contractor shall carry active Workers Compensation insurance and General Liability insurance with Loss Payee written to Purchaser. Insurance Accords/Certificates are to be provided to Purchaser showing coverage during the period of the order.

F. **GOVERNMENT CONTRACT: *** IMPORTANT ***** If this order is placed under a Government contract the Seller must contact Purchaser's Purchasing Department for additional Purchasing Terms and Conditions.

G. **SURVIVING OBLIGATIONS:** The respective obligations of Seller and AR, which by their nature would continue beyond the termination or expiration of any Attachment/Addendum or this Agreement, including, without limitation, the obligations regarding confidentiality, publicity and marks, liability, and dispute resolution, shall survive termination or expiration.

H. **MODIFICATION:** This agreement can be modified or rescinded only by written document signed by both of the parties or their duly authorized agents. Additional or contradictory terms/conditions on sellers invoice are excluded. END Version July 29, 2004.