

## STANDARD TERMS AND CONDITIONS FOR SALE

The Product, materials, and services (collectively the "Product") which are described on the face hereof shall be sold to the customer ("Customer") by Capro Industries, Inc. ("Seller") upon the following terms and conditions of sale.

- 1) **APPLICABILITY:** All shipments are made pursuant to these Standard Terms and Conditions of Sale.
- 2) **PRICES AND QUOTATION:**
  - a) All prices are F.O.B. Seller's warehouse in Compton, California or such other of Seller's locations as Seller may choose, unless otherwise specified. Except as otherwise provided herein, Seller's prices for the Product shall remain in effect for thirty (30) days from the date of Seller's quotation.
  - b) All prices quoted by Seller are subject to any addition which may be necessary to cover any taxes or charges or any applicable increases in same hereafter becoming affective, as such, for example the payment of any applicable sales, use excise, or other taxes, or import duties, documentation charges, freight, insurance, packing charges, or similar costs or charges.
- 3) **PAYMENT TERMS:**
  - a) Subject to approval of Seller's Credit Department, and unless otherwise agreed to in writing, terms of payment are net thirty (30) days following the date of invoice, in U.S. currency.
  - b) All payments shall be made to Seller in its Los Angeles, California or as Seller otherwise directs.
  - c) If any payment owed to Seller is not paid when due, it shall bear interest, at the maximum rate permitted by law, from the date of on which it is due until it is paid. Seller shall have the right, among other remedies, either to terminate the contract or to suspend further deliveries under this and/or other contracts with Customer in the event Customer fails to make any payment hereunder when due. Customer shall be liable for all expenses incurred to collect past due amounts, including attorney's fees.
- 4) **CANCELLATIONS:** Prior to acceptance of the Product, Customer may terminate its order for any or all the Product covered by this contract, provided Seller is given reasonable advanced notice of such termination and subject to payment to Seller of termination charges which shall include all costs and expenses already incurred or commitments made by Seller in connection with the processing, purchasing, handling, and fabrication of the Product, and a reasonable profit thereon. Seller's determination of such termination charges shall be conclusive.
- 5) **DELIVERY:**
  - a) Customer shall bear the risk of loss for damage to the destruction of the Product from the earlier of the time that Seller delivers such Product to the carrier or to Customer or Customer's agent. Any claims for loss or damage after risk of loss has passed to Customer shall be filed with the carrier. Customer shall give written notice to Seller of any claim for shortage, error in Product shipped or error in charges within thirty (30) days after receipt of Product or such claim shall be deemed waived.
  - b) Quoted delivery dates are approximate estimates determined at the time of quotation and are subject to revision at any time.
  - c) All shipping dates are approximate and are based upon prompt receipt by Seller of all necessary information from Customer to properly process the order.
  - d) Delivery dates are subject to change caused by additions to or modification of the original orders agreed to by both Seller and Customer.
  - e) Under no circumstances shall seller have any liability whatsoever for loss of use for any indirect or consequential damages as a result of delayed delivery.
  - f) Unless otherwise agreed in writing, Seller shall have the option of partial or complete shipment of the Product.
- 6) **INSTALLATION:** All Products shall be installed by and at the expense of the Customer.
- 7) **SERVICES:**
  - a) Services rendered by Seller, whether with or without charge, are only technical or advisory in nature and are merely incidental to the sale of the Product. When any such services are rendered, Customer will retain full responsibility for and full control, custody and supervision of the Product and the installation use or operation thereof, and a representative of Customer shall be present with full authority to direct operations.
  - b) If Seller furnished or furnishes technical or other advice to Customer whether or not at Customer's request, with respect to Customer's process or Product, such advice shall be made in good faith, and Customer assumes all risk of such advice and the results thereof.
- 8) **LIMITED WARRANTY:**
  - a) Subject to Section 10 and unless otherwise expressly provided herein, Product shall carry only the warranty extended by the original manufacturer. If, within thirty (30) days after Customer's discovery of any warranty defects, Customer notifies Seller thereof in writing, Seller shall, at its option, promptly repair or replace F.O.B. point of manufacture, that portion of the Product found by the seller to be defective. Failure by Customer to give such written notice within the applicable time period shall be deemed an absolute and unconditional waiver of Customer's claim for such defects. Product repaired and parts replaced during the warranty period shall be in warranty for the remainder of the original warranty period. This warranty is the only warranty made by the Seller and can be amended only by a written instrument signed by an officer of Seller. Subject to this Section 8 and except as otherwise expressly provided in this contract, SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR ANY OTHER MATTER WITH RESPECT TO ANY OF THE PRODUCT.
  - b) The above warranty does not apply to (i) any Product which has been modified or subject to improper handling, storage, installation, operation or maintenance; or (ii) repair or replacements necessitated by normal wear and usage or any cause not caused by Seller or; (iii) any item which is a component part of the Product where such item is furnished by Customer.
  - c) Seller's obligations to repair or replace defective Product constitutes agreed and liquidated damages for any breach of warranty by Seller. Seller shall have the right to inspect any Product claimed to be defective and shall have the right to determine the cause of such claimed defect. All Product replaces or repaired by Seller under its warranty shall be replaced or repaired F.O.B. Seller's warehouse, Compton, California, or such other location as Seller may designate.
  - d) To the extent that Seller has relied upon any specifications, information, representation of operating conditions or other data supplied in writing by Customer to Seller in the sections or design of the Product and the preparation of Seller's quotation, and in the event that actual operating conditions or other conditions differ from those represented by Customer and relied upon by Seller, any warranties or other provisions contained herein which are affected by such conditions shall be null and void, unless otherwise mutually agreed upon in writing.
- 9) **PATENTS:** Subject to Section 10, Seller warrants that any Product sold pursuant to this contract, or its use as provided below, except as such be made specifically for Customer according to Customer's specifications, does not infringe any valid U.S. Patent in existence of the date of delivery. This warranty is given upon condition that Customer promptly notify Seller of any claim or suit involving Customer in which infringement is alleged, and if Seller is affected, that Customer permit Seller to control completely the defense or compromise of any such allegation of infringement. Seller's warranty as to use only applies to infringements arising solely out of the inherent operation (i) of such Product, or (ii) of any combination of Product sold hereunder in a manner designed by Seller.
- 10) **LIMITATION OF LIABILITY:** CUSTOMER'S EXCLUSIVE REMEDY SHALL BE FOR DAMAGES, AND SELLER'S TOTAL LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES ARISING OUT OF ANY AND ALL CAUSES WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, INFRINGEMENT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE PRODUCT IN RESPECT OF WHICH SUCH CAUSE ARISES OR, AT SELLER'S OPTION, THE REPAIR OR REPLACEMENT OF SUCH PRODUCT, AND IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES RESULTING FROM ANY SUCH CAUSE. Seller shall not be liable for, and Customer assumes liability for, all personal injury and property damage connected with the handling of the Product. Neither transportation charges for the return of the Product nor any other costs or charges incurred by Customer will be paid by Seller unless authorized in writing in advance by Seller.
- 11) **Thermoplastic Characteristics:** To obtain expected benefits and service from thermoplastics (including Goods) and minimize potential complications, AND PRIOR TO THE ISSUANCE OF A P.O., Purchaser must: (i) be familiar with and allow for the working characteristics of thermoplastics and print on thermoplastics; (ii) determine and allow for the impact of environmental conditions and chemical substances on the appearance, durability, stiffness, and other attributes and uses of the Goods, as well as the effects of permeability, transmission rates and other compatibility factors and the effects of contact or use with hydrocarbons, oxidizing acids and essential oils; (iii) determine and implement proper handling and storage techniques; and (iv) establish and implement suitable environmental and time parameters for (a) exposure to sunlight in particular and weather in general; (b) exposure to artificial light; and (c) temperature, pressure, vacuum, and other ambient factors as they may vary during or as the result of transportation, storage, stacking, handling and filling. IT IS RECOMMENDED THAT DOUBLE-FACED PALLETES BE USED. IT IS PURCHASER'S RESPONSIBILITY TO: (1) EVALUATE COMPATIBILITY WITH FILLED OR FINISHED PRODUCT; (2) EVALUATE COMPATIBILITY WITH ANY OTHER MANUFACTURER'S PRODUCTS WITH WHICH THE GOODS ARE INTENDED TO FIT OR BE USED; (3) DETERMINE MAXIMUM LOAD CAPABILITY WITH FILLED PRODUCT BEFORE STACKING; AND (4) CONSIDER THE EFFECT OF REAL WORLD USE AND ENVIRONMENTAL FACTORS.
- 12) **EXCUSE OF PERFORMANCE:**
  - a) Deliveries may be suspended by Seller, without liability to Customer or any other person, in the event of: Act of God, war, riot, fire, explosion, accident, flood, earthquake, natural disaster, sabotage, Product or computer failure; acts omissions, or failures by Seller's suppliers or other third parties; lack of or delays in obtaining adequate fuel, power, raw materials, components, labor, containers or manufacturing or transportation facilities; compliance with governmental requests, laws, regulations, or order actions; breakage or failure of machinery or apparatus; force majeure; national defense requirements or any other event, whether or not of the class or kind enumerated herein, beyond the reasonable control of Seller, or in the event of labor trouble, strike, lockout or injunction (provided that Seller shall not be required to settle a labor dispute against its own judgment); which event makes impracticable the manufacture or delivery of a shipment of the Product or of a material or component upon which the manufacture of the Product is dependent.
  - b) If Seller determines that its ability to supply the total demand for the Product or obtain any or a sufficient quantity of material component used directly or indirectly, in the manufacture of the Product, is hindered, limited or made impracticable. Seller may allocate its available supply of the Product or such material or component (without obligation to acquire other supplies of any such Product, material or component) among itself and its purchasers on such basis as Seller determines to be equitable without liability for any failure of performance which may result therefrom.
  - c) Deliveries suspended or not made by reason of this section shall at Seller's option, either be cancelled or the time for delivery shall automatically be extended for a period equal to the suspension period, without liability, but this contract shall otherwise remain unaffected.
- 13) **WAIVER AND RELEASES:** Except as provided in paragraphs 8, and 9, and except for the willful misconduct or gross negligence of Seller, its employees or agents, Customer hereby releases Seller, its employees, agents and "controlling persons" (within the meaning of Section 20(a) of the Securities Exchange Act of 1934, as amended) from all liability, claims, costs, expenses, losses and damages of any and every kind arising out of or resulting, directly or indirectly, from any defect or failure of the Product or any act, omission, error or delay in the performance, or nonperformance, or nonperformance of Seller's obligations and duties under this contract. To the extent, if any, that Seller, its employees, agent or "controlling persons" shall have any liability under contract, Customer's exclusive remedy shall be as set forth in paragraph 10. CUSTOMER WAIVES ALL CLAIMS FOR CONSEQUENTIAL DAMAGES AND ALL CLAIMS REGARDING LOSS OR REVENUE, INCOME, PROFIT AND USE OR DAMAGES, WHETHER SAME BE DIRECT, INDERECT, INCEDENTAL OR CONSEQUENTIAL.
- 14) **OTHER TERMS AND CONDITIONS**
  - a) Customer shall not (by operation of law or otherwise) assign its rights or delegate its performance hereunder without the prior written consent of Seller, and any attempted assignment or delegation by Customer without such consent shall be void.
  - b) This contract shall be governed by and constructed in accordance with the laws of the State of California.
  - c) Seller reserves the right to modify the design of any Product without obligation or notifications, and Seller is not obligated to so modify Product previously or subsequently sold.
  - d) Should any clause, sentence or part of these Standard Terms and Conditions of Sale be held invalid, such holding shall in no way affect the validity of the remainder, which shall remain in full effect. Failure to enforce any or all of the Standard Terms and Conditions of Sale in a particular instance or instances shall not constitute a waiver or preclude subsequent enforcement thereof.
  - e) No action, regardless of form, arising out of transactions under this contract may be brought by either party more than two years after cause of action has occurred.