



Polymer Concepts Technologies, PBY Inc.  
**KRS Division** (dba Kaydon Ring & Seal)

20 Industrial Drive, Hanover, PA 17331 USA

KAYDON RING & SEAL  
GENERAL TERMS AND CONDITION OF SALE

The goods, services or work (referred to as the "Products") offered by Kaydon Ring & Seal ("Seller") are offered for sale at prices indicated in the offer, or as may be established by Seller. The offer to sell the Products and acceptance of Seller's offer by any customer ("Buyer") is contingent upon, and will be governed by all of the terms and conditions contained in this General Terms and Conditions of Sale Agreement ("this Agreement"). Buyer's order for any Products specified in Buyer's purchase document or Seller's offer, proposal or quote ("Quote") attached to the purchase order, when communicated to Seller verbally, or in writing, shall constitute acceptance of this Agreement.

1. Terms and Conditions. Seller's willingness to offer Products for sale or accept an order for Products is subject to the terms and conditions contained in this Agreement. Seller objects to any contrary or additional terms or conditions of Buyer's order or any other document or other communication issued by Buyer.
2. Price; Payment. Prices stated on Seller's Quote are valid for thirty (30) days, except as explicitly otherwise stated therein, and do not include any sales, use, or other taxes or duties unless specifically stated. Seller reserves the right to modify prices to adjust for any raw material price fluctuations. Buyer may request changes or additions to the Products consistent with Seller's specifications and criteria. In the event such changes or additions are accepted by Seller, Seller may revise price, applicable fees, and dates of delivery and/or performance dates. Unless otherwise specified by Seller, all prices are F.C.A. Seller's facility (INCOTERMS 2010) and payment is due thirty (30) days from the date of invoice, without setoff or other deductions or charges. Unpaid invoices beyond the specified payment date incur interest at the rate of 1.5% per month or the maximum allowable rate under applicable law. The accrual of payment of any interest as provided above, will not constitute a waiver by Seller of any rights and remedies in connection with a default by Buyer. Buyer will pay all court costs, attorney fees, and other costs incurred by Seller in collecting past due amounts, including interest.
3. Shipment; Delivery; Title and Risk of Loss. All delivery dates are approximate. Seller is not responsible for damages resulting from any delay. Regardless of the manner of shipment, delivery occurs and title and risk of loss or damage pass to Buyer, upon placement of the Products with the shipment carrier at Seller's facility. Unless otherwise stated, Seller may exercise its judgment in choosing the carrier and means of delivery. No deferment of shipment at Buyers' request beyond the respective dates indicated will be made except on terms that will indemnify, defend and hold Seller harmless against all loss and additional expense. Buyer shall be responsible for any additional shipping charges incurred by Seller due to Buyer's acts or omissions.
4. Warranty. Seller warrants to Buyer only, that Products (or portions thereof manufactured by Seller) shall be free from defects in materials and workmanship which are identified to Seller in writing within the thirty (30) days warranty period following shipment of the Products to Buyer, subject to the disclaimers and limitations of the Agreement. Absence of such written claims during this period will constitute a waiver of all claims with respect to the Products. All prices are based upon the exclusive limited warranty stated above, and upon the following disclaimer:

DISCLAIMER OF WARRANTY: THIS WARRANTY IS THE SOLE AND ENTIRE  
WARRANTY PERTAINING TO PRODUCTS PROVIDED. SELLER DISCLAIMS ALL  
OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING DESIGN,  
MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Seller's warranties shall apply only if the products: (i) have been installed and maintained and used in conformity with instruction and recommendation furnished by Seller from time to time, if any; (ii) have not been subjected to misuse, movement of the structure, physical abuse, installation error, negligence or accident; and (iii) have not been altered or repaired by persons other than Seller in a manner, which, in the judgement of Seller, adversely affects the condition of the Products. It is Buyer's responsibility to determine suitability of the Products for Buyer's use and Buyer assumes all risks and liability associated therewith.

6. Inspection and Rejection. If the Agreement expressly provide for Buyer's inspection and/or acceptance of the Products, Seller's standard test procedures conducted by Seller's representative shall be the criteria for inspection and/or acceptance, unless other procedures have been specified in the Agreement. All drawings, specifications, technical documentation, samples prototypes and goods shall be deemed approved and/or accepted by Buyer if Buyer does not provide a written objection and/or rejection within seven (7) days of receipt or other reasonable time established by Seller. Any objection and/or rejection by Buyer must be in writing and state with specificity all defects and non-conformities upon which Buyer will rely to support its rejection. ALL DEFECTS AND NON-CONFORMITIES WHICH ARE NOT SPECIFIED ARE WAIVED.
7. LIMITATION OF LIABILITY. IN THE EVENT OF A BREACH OF WARRANTY, SELLER WILL, AT ITS OPTION, REPAIR OR REPLACE A DEFECTIVE PRODUCT, OR REFUND THE PURCHASE PRICE WITHIN A REASONABLE PERIOD OF TIME. IN NO EVENT IS SELLER LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR AS THE RESULT OF, THE SALE, DELIVERY, NON-DELIVERY, SERVICING, USE OR LOSS OF USE OF THE PRODUCTS OR ANY PART THEREOF, OR FOR ANY CHARGES OR EXPENSES OF ANY NATURE INCURRED WITHOUT SELLER'S WRITTEN CONSENT, WHETHER BASED IN CONTRACT, TORT OR OTHER LEGAL THEORY. IN NO EVENT SHALL SELLER'S LIABILITY UNDER ANY CLAIM MADE BY BUYER EXCEED THE PURCHASE PRICE OF THE PRODUCTS.
7. Buyer Responsibility. The Buyer, through its own analysis and testing, is solely responsible for making the final selection of the Product and assuring that all performance, endurance, maintenance, safety and warning requirements of the application are met. The Buyer must analyse all aspects of the application and follow applicable industry standards and Product information. If Seller provides Product options based upon data or specifications provided by the user, the user is responsible for determining that such data and specifications are suitable and sufficient for all applications and reasonably foreseeable uses of the Product.
8. Loss to Buyer's Property. Any designs, tools, patterns, materials, drawings, confidential information or equipment furnished by Buyer or any other items which become Buyer's property, will be considered obsolete and may be destroyed by Seller after two (2) consecutive years have elapsed without Buyer ordering the items manufactured using such property. Seller shall not be responsible for any loss or damage to such property while it is in Seller's possession or control.
9. Special Tooling. Unless otherwise expressly provided, any tools, dies or gauges which may be developed for use in production of the Goods shall be owned by Seller, even though Buyer may be charged in whole or part for the cost thereof. Tool changes as a result of specification changes will be at Buyer's expense. Replacement and/or major repairs of tools will be at Buyer's expense.
10. Buyer's Obligation; Rights of Seller. To secure payment of all sums due or otherwise, Seller retains a security interest in all Products delivered to Buyer and this Agreement is deemed to be a Security agreement under the Uniform Commercial Code. Buyer authorizes Seller as its attorney to execute and file on Buyer's behalf all documents Seller deems necessary to perfect its security interest.
11. Improper Use and Indemnity. Buyer shall indemnify, defend, and hold Seller harmless from any losses, claims, liabilities, damages, lawsuits, judgments and costs (including attorney fees and defense costs), whether for personal injury, property damage, patent, trademark or copyright infringement or any other claim, brought by or incurred by Buyer, Buyer's employees, or any other person, arising out of: (a) improper selection, application, design, specification or other misuse of Products purchased by Buyer from Seller; (b) any act or omission, negligent or otherwise, of Buyer; (c) Seller's use of patterns, plans, drawings, or specifications furnished by Buyer to manufacture Products; or (d) Buyer's failure to comply with these terms and conditions. Seller shall not indemnify Buyer under any circumstance except as otherwise provided.
12. Cancellations and Changes. Buyer may not cancel or modify any confirmed order for any reason, except with Seller's written consent and upon terms that will indemnify, defend and hold Seller harmless against all direct, incidental and consequential loss or damage. Seller may change Product features, specifications, designs and availability, unless otherwise agreed in writing.
13. Limitation on Assignment. Buyer may not assign its rights or obligations under this Agreement without the prior written consent of Seller.
14. Force Majeure. Seller does not assume the risk and is not liable for delay or failure to perform any of Seller's obligations by reason of events or circumstances beyond its reasonable control (hereinafter "Events of Force Majeure"). Events of Force Majeure shall include without limitation: accidents, strikes or labour disputes, acts of any government or government agency, acts of nature, delays or failures in delivery from carriers or suppliers, shortages of materials, or any other cause beyond Seller's reasonable control.
15. Waiver and Severability. Failure to enforce any provision of this Agreement will not invalidate that provision; nor will any such failure prejudice Seller's right to enforce that provision in the future. Invalidation of any provision of this Agreement by legislation or other rule of law shall not invalidate any other provision herein. The remaining provisions of this Agreement will remain in full force and effect.
16. Termination. Seller may terminate this Agreement for any reason and at any time by giving Buyer thirty (30) days prior written notice. Seller may immediately terminate this Agreement, in writing, if Buyer: (a) breaches any provision of this Agreement (b) fails to make timely payment (c) files a petition for relief in bankruptcy on its own behalf, or one if filed by a third party (d) makes an assignment for the benefit of creditors; or (e) dissolves its business or liquidates all or a majority of its assets.
17. Governing Law. This Agreement and the sale and delivery of all Products are deemed to have taken place in, and shall be governed and construed in accordance with, the laws of the State of California, as applicable to contracts executed and wholly performed therein and without regard to conflicts of laws principles. Buyer irrevocably agrees and consents to the exclusive jurisdiction and venue of the courts of San Bernardino County, California with respect to any dispute, controversy or claim arising out of or relating to this Agreement.
18. Proprietary Information. Buyer acknowledges that any information disclosed to Seller has not and will not be confidential or a trade secret unless clearly and conspicuously noted on the disclosure, or in some other writing delivered to Seller at or prior to the time of the disclosure. Otherwise, Seller shall be under no obligation to refrain from using in its business any information, manufacturing processes or unpatented disclosures which may pass to it from Buyer in the performance of the Agreement. All proposals, plans and other information furnished by Seller in bidding, negotiating and performing the Agreement, are confidential and the property of Seller and shall not be shown or disclosed to any other bidder, and shall not be shown or disclosed to any third party or used by Buyer except as may be necessary for the selection or use of the Goods. Any invention or other information developed by Seller in the performance of the Agreement shall remain the property of Seller.
19. Entire Agreement. This Agreement contains the entire agreement between the Buyer and Seller and constitutes the final, complete and exclusive expression of the terms of sale. All prior or contemporaneous written or oral agreements or negotiations with respect to the subject matter are herein merged. The terms contained herein may not be modified unless in writing and signed by an authorized representative of Seller.
20. Compliance with Laws. The parties will comply with all applicable federal, state, local laws. If Buyer exports, re-exports, or imports Products, Buyer assumes responsibility for complying with applicable laws and regulations and for obtaining required export and import authorizations of any applicable jurisdiction or country.

F-820-009-01