

Engineered Fibers Technology Sales Terms and Conditions

1. TERMS OF PAYMENT

Payment terms are net 30 days - no discounts. Payment shall be due within thirty (30) days from date of invoice unless otherwise mutually agreed upon in writing. Payment shall not prejudice any claims due to omissions or shortages in shipment. Buyer must make any such claim within thirty (30) days after receipt of shipment.

2. BUYER'S CREDIT

Buyer shall be required to submit a signed application for credit including D&B and/or tax identification number prior to issuance of any credit limit or terms. Seller reserves the right to either terminate any purchase order, agreement, or contract, (hereinafter referred to as "contract") or to suspend further deliveries under any such contract, in the event Buyer fails to pay for any shipment in accordance with the terms of payment. Should Buyer's financial condition or responsibility become unsatisfactory to Seller, Seller shall have the right to require cash payment or satisfactory security in advance of the manufacture of goods as a condition for any delivery of goods or for goods theretofore produced and delivered.

3. TAXES AND DUTIES

Seller shall have the right to add to the price all taxes, excise or other charges imposed by law on or incident to the production, sale, transportation, or use of the goods sold under this contract that Seller may be required to pay to or collect on behalf of any federal, state or local governmental agency. Buyer must provide tax exempt use certificate prior to purchase of all goods to Seller if applicable.

4. PRICING

Seller has the right to change, at any time during the term covered by any associated contract, the price, or terms of payment specified herein, provided Seller has given Buyer at least fifteen (15) days written notice of such change. Buyer's failure to serve Seller with written notice of objection thereto prior to the effective date thereof shall be considered acceptance of such change. If such written notice of objection is served by Buyer, Seller has the option to either immediately cancel this contract upon written notice to Buyer, to continue to sell hereunder at the same price and terms as were in effect at the time Seller gave notice of change, or to suspend performance under this contract while pricing is being resolved. If Seller desires to revise the price, or terms of payment pursuant to this paragraph, but is restricted, to any extent, against so doing by reason of any law, governmental decree, order or regulation, or if the price or terms of payment then in effect under this contract are nullified or reduced by reason of any law, governmental decree, order or regulation, Seller shall have the right to cancel this contract upon fifteen (15) days written notice to Buyer. Upon receipt of purchase order from Buyer, Seller reserves the right to increase all pricing on a quarterly basis due to increase of raw material pricing, transportation charges and/or factory, labor and overhead costs.

5. BUYER FURNISHED RAW MATERIALS

Buyer assumes all responsibility for Buyer furnished raw materials. Buyer furnished materials will not be accepted by Seller without a purchase order from Buyer, a detailed packing list and a minimum of 48 hours notice prior to delivery. All Buyer furnished materials will be manufactured on a best effort basis. In the event that the Buyer furnished material is determined, at the sole discretion of the Seller, to be non-conforming, Seller shall not be held liable for any costs incurred as a result of non-conforming materials provided by Buyer. Buyer shall be solely responsible for all such cost. In addition, Seller shall not be responsible for any delays in manufacturing that may occur as a result of non-conforming Buyer furnished materials. All Buyer furnished materials, including finished good, unused and/or non-conforming material will be returned to the Buyer upon completion.

6. SAMPLE ORDERS

All sample orders are made on a best effort manufacturing basis. It is the Buyers responsibility to provide the Seller with all pertinent information needed to qualify the material, including but not limited to, quality assurance specifications, military specifications and requirements.

7. QUOTATIONS NOT BINDING

Quotation as to shipping fees, rates of duty, insurance premiums or other charges provided by the Seller to the Buyer are for informational purposes only and are subject to change without notice. Any such quotations shall not, under any circumstance, be binding upon the Seller unless the Seller agrees in writing to specifically undertake the handling and/or transportation of the shipment at a specific rate.

8. PATENTS

With respect to goods produced by Seller, Seller represents that such goods, unless made specifically for Buyer according to Buyer's specifications, do not infringe upon any valid U.S. patent. Buyer agrees to promptly notify Seller of any claim or suit involving Buyer in which infringement is alleged. In the event that any such claim or suit arises whereby Seller is made a party to, Buyer agrees that Seller shall have the authority to decide the best course of action in defending and/or negotiating a settlement of such a claim or suit. With respect to goods not produced by Seller, Buyer shall hold Seller harmless and indemnify Seller from and against all claims, loss or damage arising from infringement of any patent, by reason of the purchase, sale or use by Buyer of goods delivered hereunder. Seller reserves the right, without further liability or obligation hereunder, to discontinue shipment of any goods, whether or not produced by Seller, which appear to infringe upon any patent.

9. ASSIGNABILITY-CONTINUITY

Buyer shall not assign any contract, right or obligation hereunder without Seller's express written consent. Any purported assignment shall be void and ineffective and the contract shall continue to be binding upon the parties and their successors.

10. QUALITY ASSURANCE, SPECIFICATIONS AND STANDARDS

All product specifications including, but not limited to, quality standards, packaging requirements and military specifications, must be provided to the Seller by the Buyer upon issuance of the purchase order. Upon receipt of any new purchase order, Seller reserves the right to conduct a contract review prior to acceptance of the purchase order. Any testing that, at the sole discretion of the Seller, is deemed to be outside the range of normal quality assurance testing, shall not be performed unless agreed upon in writing by both parties with the Buyer incurring any and all costs associated.

11. FORCE MAJEURE

Neither party shall be liable for any breach, nonperformance or delay in performance due wholly or in part to any cause not in its control or not avoidable by reasonable diligence. The following, while not an exclusive list, shall be considered acts not within a party's control or avoidable by reasonable diligence: acts of God and nature, acts of war, civil riot, blockade or embargo, delays of carriers, transportation shortages, fire, explosion, breakdown of plant or equipment, strike, lockout, labor dispute, casualty or accident, lack or failure of sources of supply or labor, raw materials, power or excessive cost thereof, delays due to failures of vendors or other sources of supply, or delays or failures to perform caused by reason of law, regulation, ordinance, or requirement or any other act of government authority, national, state, or local, including court orders, judgments or decrees or any other cause whatsoever. If, upon the occurrence of any such event, Seller is unable to supply the total demand for the goods, Seller may allocate its available supply of goods without obligation to purchase similar goods from other sources, among itself and all of its customers, including those not under contract, or such basis as it determines to be equitable. Deliveries suspended under this section shall be cancelled without liability, but all agreements shall otherwise remain unaffected.

12. LIMITATION OF LIABILITY

Within thirty (30) days after receipt of each shipment of goods sold, Buyer shall examine such goods for any damages, defects or shortages. All claims, including for alleged damaged or defective goods due to packaging, shortages, negligence or any other cause whatsoever, shall be deemed waived unless made in writing to Seller, accompanied by an adequate sample of the damage and received by Seller within thirty (30) days after Buyer's receipt of goods. Failure to provide a written claim within the applicable time period shall be deemed an absolute and unconditional waiver of such claim. If Seller assumes liability of damaged or otherwise non-conforming goods, the entire order must be returned to Seller prior to the issuance of any credit.

BUYER'S EXCLUSIVE REMEDY SHALL BE LIMITED TO THE COST OF THE DAMAGED OR OTHERWISE NON-CONFORMING GOODS. SELLER'S TOTAL LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY OTHER TORT OR OTHERWISE) SHALL IN NO EVENT EXCEED THE PURCHASE PRICE OF THE GOODS PURCHASED. SELLER MAY, AT SELLER'S OPTION, OPT TO REPAIR OR REPLACE ANY SUCH GOODS SO LONG AS SELLER CAN REPAIR OR REPLACE SAID GOODS IN A REASONABLE PERIOD OF TIME. IN NO EVENT SHALL SELLER BE LIABLE FOR BUYER FURNISHED ITEMS, OR MATERIALS, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES RESULTING FROM ANY SUCH CAUSE.

Buyer assumes all liability for any personal injury and/or property damage connected with the handling, transportation, possession, processing, further manufacturing, or other use or resale of all goods purchased by Buyer, whether the goods are used singly or in combination with any other material. Transportation charges for the return of the goods shall not be paid for by Seller unless authorized in writing in advance by Seller.

13. DISCLAIMER OF WARRANTIES

There are no warranties that extend beyond the description or certification provided hereof, and Seller makes no warranty of any kind, express or implied, whether for merchantability of fitness for particular purpose, or otherwise. Buyer assumes all risk whatsoever with respect to the use of the goods purchased, whether used singly or in combination with other materials.

14. TERMINATION, REDUCTION IN QUANTITY, RESCHEDULING DELIVERY

In the event Buyer desires to terminate any part or all of the work to be done hereunder; or reduce the quantity of goods ordered, or reschedule the delivery of any goods, Seller shall be entitled to fair compensation for any costs incurred up to the point of termination including any increased costs by reason of revisions and changes in delivery schedule or any loss of anticipated profits. In addition, Seller shall be entitled to compensation as per the contract for articles which have been completed as of the time of termination and any cost incurred by Seller in making settlement hereunder.

15. TITLE AND RISK OF LOSS

Title to, and all risk of loss of any material sold hereunder shall pass to Buyer at the point of shipment. All shipments will be FCA (Incoterms 2000) shipping point unless otherwise specified on the face of the invoice.

16. SHIPPING TOLERANCE

Unless otherwise stated on the face of the invoice hereof, Seller may increase or decrease the quantity delivered by 10% and adjust its invoice accordingly.

17. FAIR LABOR STANDARDS ACT

The material covered hereunder is warranted to have been produced in compliance with the requirements of the Fair Labor Standards Act of 1938, and with all amendments, thereto.

18. MISCELLANEOUS

The validity, interpretation and performance of this contract shall be governed and construed in accordance with the laws of the State of Connecticut. This contract constitutes the full understanding of the parties, and a complete and exclusive statement of the terms of this agreement. No conditions, understanding or agreement purporting to modify or vary the terms of this contract shall be binding unless hereafter made in writing and signed by the party to be bound, and no modification shall be effected by the acknowledgement or acceptance of purchase order or shipping instruction forms containing terms or conditions at variance with or in addition to those set forth herein. No waiver by either Seller or Buyer with respect to any branch or default or of any right to remedy, and no course of dealing, shall be deemed to constitute a continuing waiver of any other breach or default or of my right or remedy, unless such waiver be expressed in writing signed by the party to be bound. Buyer shall be liable for any legal or collection fees and any other incidental expenses incurred as a result of Buyer's default or breach of this Agreement.