



TERMS AND CONDITIONS FOR ACCEPTANCE OF PURCHASE ORDERS

1. These "Terms and Conditions for Acceptance of Purchase Orders" replace the "Conditions of Sale" located on the reverse of the pre-printed invoices used by Magnolia Advanced Materials, Inc.
2. **Definitions:** When the "Seller" is referenced hereinafter, the term refers to Magnolia Advanced Materials, Inc. When the "Buyer" is referenced hereinafter, the term refers to the customer buying goods offered for sale by Seller. "Product(s)" refers to the specific product(s) identified on Buyer's Purchase Order, in the amounts and in the packaging specified on the Purchase Order. Product(s) does not refer to all products manufactured by Seller and identified by a Product Number.
3. **Purchase Order which is the subject of these Terms and Conditions:**

Buyer: _____
Purchase Order Number: _____
Date of Purchase Order: _____

4. **Prevailing Terms and Conditions:** In cases where Buyer's terms conflict with Seller's terms, Seller's terms prevail. Any terms and conditions contained in quotations or similar forms of Buyer (or proposed in any acknowledgments or acceptance by Buyer) which are in addition to, or different from, these terms and conditions are hereby rejected and shall not become part of the agreement between the parties without Seller's specific written consent.
5. **Shipment and Delivery:** Seller's lead time is 6 to 12 weeks. Seller will ship Product(s) ordered not later than 12 weeks from the date of the first business day following Seller's receipt of a properly prepared, bona fide Purchase Order from Buyer, including Buyer's acceptance of these terms and conditions. In the event the Purchase Order is improperly prepared, Seller will notify Buyer within a reasonable time of corrections or modifications required for Purchase Order acceptance.

Buyer understands and agrees that the date written on the Purchase Order is not considered in calculating on-time delivery. In the event Buyer has a specific on-dock date or specific delivery schedule, Seller will make all reasonable efforts to ship Product(s) so as to ensure delivery in accordance with Buyer's wishes. Seller will make reasonable efforts to ship the specified quantities without shortage or excess. In the event of Seller's inability, for any reason, to supply the total demands for Product(s) in the Buyer's Purchase Order, Seller may allocate its available supply among any or all purchasers without liability for any failures of performance which may result therefrom.

Seller will promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefor, and the actions being taken by Seller to overcome or minimize the delay. Buyer



understands and agrees that in some instances, Seller has no control over a delay and cannot mitigate the delay in any manner.

In the event Buyer increases the volume of an existing Purchase Order, with respect to the increased volume of Product(s), the 8 week lead time guarantee starts the first business day after the receipt of the notice of increased volume. The ship date guarantee with regard to the volume as stated on the original Purchase Order does not change, however Seller will make a reasonable effort to ship the entire order together.

Claims for freight allowance must be accompanied by original receipted freight voucher.

6. Packing: Seller shall prepare and pack the Product(s) to prevent damage and deterioration. Charges for preparation, packing, etc. are included in the price, unless separately specified in the Purchase Order. When Buyer requires an Outside Packager to package Product(s) or when Seller is unable to package Product(s) in Seller's facility, Seller may ship Product(s) to an Outside Packager for packaging and the cost of such third-party packaging will be included in the price of the Product(s). Buyer understands and agrees that Seller has no control over the packing schedule of any Outside Packager, and Buyer agrees to hold Seller harmless for any delays in shipment of Product(s) to Buyer created by an Outside Packager.

Packing Lists will accompany all shipments and will contain all information required by law. If Buyer has specific Packing List requirements, Seller will make reasonable efforts to comply with Buyer's requirements. If Buyer's Packing List requirements are too extensive to be placed on Seller's normal Packing List, a Packing List Addendum will be created for Buyer's convenience.

7. Acceptable Variance: On any order or release against an order not stocked in standard containers, or on which special fabrication or construction are involved, Seller reserves the right to ship and invoice for a quantity of goods which may vary up to 10% over or under the quantity specified on the individual release and the Buyer shall accept delivery and pay for such revised quantity. Buyer understands and agrees that as a custom formulator of Product(s), Seller keeps only small quantities of specific products on hand and custom formulates almost all orders for all customers.

8. Inspection, Acceptance, and Warranty: Seller is AS 9100 and ISO 9001:2004 certified and performs 100% Quality Control Testing on all batches of products Seller produces and provides to Buyer all appropriate paperwork required by law or Buyer. With reasonable notice provided to Seller, Buyer may inspect and evaluate non-proprietary, non-trade secret, and unclassified areas of Seller's plant, including but not limited to facilities, systems, equipment, testing, data, personnel, and all work-in process and completed Product(s) manufactured for installation in Buyer's products. Such inspection and evaluation must be scheduled at times which are mutually convenient for the Buyer and Seller.



Random and unannounced inspections are prohibited by the Seller in order to protect proprietary, trade secret, and classified information, data, and processes and ensure an orderly workflow is maintain in Seller's facility.

Seller will be given reasonable written notice by Buyer if Buyer wishes to conduct an inspection on specific shipments. Buyer agrees that any specific delivery schedule will be adjusted to account for delays created by Buyer's inspection process on specific shipments.

Seller makes no warranty of any kind, express or implied except that the Product(s) sold hereunder shall be of merchantable quality subject to shelf life restrictions and while properly stored in the original packaging, are of good quality, material, and workmanship, are free of defects, are free of claims of third parties, and comply with all applicable laws and regulations. Buyer assumes all risks and liability for results obtained by the use of the Product(s) covered by Buyer's Purchase Order, whether used singly or in combination with other products.

Subject to Article 12, all warranties will survive delivery and will not be deemed waived by reason of Buyer's acceptance of or payment for said Product(s). If the Product(s) do not perform according to Buyer's specifications or if any end-user returns the Product(s) to Buyer for any reason, at Buyer's option, Buyer may contact Seller, obtain a Return Materials Authorization (RMA), and return such Product(s) to Seller. If a proper RMA has been obtained, Seller shall accept all such Product(s) for a full refund of the purchase price. To aid Seller in determining the cause of failure, Buyer agrees to provide reasonable information to Seller regarding the failure.

9. Refusal of Acceptance/Rejection/Revocation: Buyer may reject, refuse acceptance, or revoke acceptance of any or all of the Product(s) which are not in conformance with all of the requirements of Buyer's Purchase Order and Buyer shall notify Seller of such rejection within 30 days of date of receipt by Buyer. No claims of any kind, whether as to products delivered or for non-delivery of products, shall be greater in amount than the purchase price of the products in respect of which such damages are claimed. Failure to give notice of claim within 30 days from date of delivery shall constitute a waiver by Buyer of all claims in respect to such products. No charges or expenses incident to any claims will be allowed unless approved in writing by an authorized representative of Seller.

At Buyer's option, rejected Product(s) may be returned to Seller after Buyer obtains an RMA. In order for either replacement or refund as outlined below, Buyer must return rejected Product(s) to Seller for disposal. Seller is licensed and equipped to dispose of rejected Product(s) in a lawful manner so as to protect the environment.

If Buyer chooses to dispose of rejected Product(s) rather than returning them to Seller for disposal, Buyer agrees to hold Seller harmless and defend Seller and its affiliates, officers, directors, shareholders, managers, agents, employees, suppliers, subcontractors, servants, successors and assigns (each an "Indemnitee") or property



from any and all liabilities, obligations, losses, damages, penalties, claims, injuries, actions, suits, arbitrations, costs and expenses, including without limitation, negligence and reasonable attorneys' fees and other legal expenses in any manner arising out of or incidental to the disposal of rejected Product(s) by Buyer.

If Buyer opts to return rejected Product(s) to Seller as noted *supra*, then at Buyer's option, Buyer may elect to have defective Product(s) replaced. Buyer understands and accepts that Seller is a custom formulator of adhesive products and as such has little on-the-shelf stock. Buyer understands and accepts that Seller does not make a practice of compounding product until a Purchase Order is received. Buyer understands and accepts that in some situations, product is manufactured for only one customer or a few customers. If this is the case with the Product(s), Buyer understands and accepts that it may take time to obtain the necessary raw materials and/or specialty packaging before the replacement Product(s) can be manufactured or packaged. Buyer understands and accepts that in the instance of product manufactured to a specification in a Qualified Product List, required Quality Control Testing may be extensive and take several days or weeks. If this is the case with the Product(s), unavoidable delays in shipping may occur. If Buyer elects to have defective Product(s) replaced, Buyer will allow a reasonable time for Seller to replace the defective Product(s). Seller will keep Buyer informed of the progress of replacement on a reasonable periodic basis.

If Buyer opts to return rejected Product(s) to Seller as noted *supra*, then at Buyer's option and in lieu of having the rejected Product(s) replaced, Buyer may elect to have Seller refund the purchase price of Product(s) and any return freight expense or, at Buyer's option, to have Seller reduce the price of future purchases or provide a credit against the cost of future purchases to the limit of the purchase price of the rejected Product(s) and any return freight expense.

Seller will not be responsible for special, consequential, or punitive damages including but not limited to loss of value incurred.

Seller will not accept returns of Product(s) shipped on any basis or without prior written approval by the Seller. At its option, Seller may elect to charge a re-stocking fee of up to 25% of the purchase price for Product(s) which conform to Buyer's Purchase Order but which are rejected or refused by Buyer.

- 10. Price:** Prices stated herein are F.O.B. Atlanta, Georgia (all freight and transportation charges shall be paid by Buyer) unless otherwise specifically agreed to in writing by the parties. Prices are subject to increase without notice.

It is the Seller's practice to invoice Product(s) at the price in effect at the time the shipment is made. It is also the Seller's practice to notify customers at least 30 days before a price increase when such notification is feasible. Buyer understands and agrees that under certain conditions, including but not limited to increases in raw material prices by suppliers to Seller, it is not possible for Seller to give advance warning of product price increases.



If a Purchase Order is received for Product(s) on which a price increase is scheduled to take effect after the date of the Purchase Order but before the expected ship date, Seller will notify Buyer of the price increase. Buyer may choose to cancel the Purchase Order or Seller may choose to extend current pricing for the specific Purchase Order. If a Purchase Order is accepted by Seller at the current price, Seller will honor the lower price for the specific Purchase Order and increase the price with the next Purchase Order for Product(s).

Product(s) added to the Purchase Order at a later date are subject to price increase. Increases in volumes of Product(s) listed on the Purchase Order as of the date of the original Purchase Order are subject to price increase only on the additional volume; the original volume will be priced at the price on the Purchase Order when accepted by Seller.

Buyer shall reimburse Seller for all taxes, excises or other charges which Seller may be required to pay to any government for the sale, production or transportation of Product(s) sold to Buyer.

Neither signing a receipt for Product(s), nor payment to Seller, shall constitute either an acceptance by Buyer or waiver of any of Seller's warranties.

Unless otherwise agreed to in writing by Seller, payment terms are Net 30 Days from the Date of Invoice for Product(s). At Buyer's request, Seller will provide an emailed or faxed copy of the invoice for Product(s) within one business day of the creation of the invoice for Product(s). The time allowable for payment is not governed or affected by Buyer's receipt of Seller's invoice, or delivery of acceptable Product(s), or acceptance of Product(s) by Buyer, or receiving testing of Product(s), but solely by the Date of Invoice for Product(s).

11. Risk of Loss: Unless otherwise regulated by a governmental agency or law, Buyer chooses the carrier to transport Product(s) from Seller to Buyer. Unless otherwise agreed to in writing by Seller, Buyer pays the cost of transportation of Product(s) from Seller to Buyer. Title to the Product(s) and the risk of loss is transferred to the Buyer when Product(s) leave Seller's facility.

If Product(s) is returned to Seller under a proper RMA, Seller will choose the carrier and pay the cost of transportation of returned Product(s) from Buyer to Seller. The risk of loss is retained by Buyer until Product(s) is accepted for transport by the carrier, at which point Buyer shall no longer have the risk of loss.

12. Repackaging/Repacking: Notwithstanding Article 8, warranties on Product(s) provided by Seller are null and void if Buyer re-packages Product(s) without Seller's knowledge and written permission. Buyer agrees to hold Seller harmless and defend Seller and its affiliates, officers, directors, shareholders, managers, agents, employees, suppliers,



subcontractors, servants, successors and assigns (each an "Indemnitee") or property from any and all liabilities, obligations, losses, damages, penalties, claims, injuries, actions, suits, arbitrations, costs and expenses, including without limitation, negligence and reasonable attorneys' fees and other legal expenses in any manner arising out of or incidental to the packaging, packing, container selection, labeling, accompanying paperwork, performance, safety, and environmental liabilities relating the Product(s) from and after the date and place of shipping, other than claims directly attributable to Seller's negligence.

- 13. Compliance with Laws:** With the acceptance of this Purchase Order, Seller warrants that the Product(s) to be furnished hereunder have been or will be produced in compliance with all applicable federal, state and local laws, regulations and ordinances of the United States or any other sovereign or state or municipal government which may now or hereafter govern performance under this Purchase Order including, without limitation, the manufacture of the Product(s) purchased hereunder. Seller further certifies that Product(s) to be supplied hereunder to Buyer will be produced in compliance with the requirements of the Fair Labor Standards Act as amended, and of regulations and orders of United States Department of Labor issued thereunder. Seller agrees to indemnify and hold Buyer harmless against any loss or liability due to Seller's violation of or non-compliance with such laws.
- 14. ITAR:** Seller complies with all ITAR (International Traffic In Arms Regulations), economic sanctions and trade embargoes administered and enforced by the U. S. Treasury Department's Office of Foreign Assets Control ("OFAC"), and other U.S. Government Regulations. When Buyer is an entity other than the end-user (e.g., Distributor, Agent, Reseller, etc.), Seller requires an "End-User Statement." Product(s) cannot be shipped until such "End-User Statements" have been received by Seller. Although Seller may initially accept a Purchase Order in order to expedite manufacture and shipment of Product(s), failure of Buyer to supply to Seller such "End-User Statements" will nullify and void the Purchase Order. Buyer agrees to hold Seller harmless in the event a shipment to Buyer is delayed due to failure of Buyer to comply with the "End-User Statement" requirement. Such "End-User Statements" are maintained by Seller and are subject to inspection and verification by various governmental agencies.
- 15. Invoicing:** Seller will render an invoice to the address shown on the face of the Purchase Order to the attention of the Accounts Payable Department, unless Buyer specifies otherwise in writing to Seller. The invoice will contain any specific information Buyer requires to be on the invoice. At Buyer's request, Seller will fax and/or email a copy of the invoice to the Buyer to facilitate Buyer's payment of the invoice in a timely manner.
- 16. Late Payment Penalties:** The Seller charges 1 ½% interest per month on all delinquent accounts. Unless otherwise agreed to in writing by Seller, an account is considered delinquent if payment has not been received by Seller on or before a date 30 days from the Date of Invoice. At its option, Seller may choose to place delinquent accounts on credit hold pending payment. At its option, Seller may choose to revoke the credit privilege for delinquent accounts and require Cash-With-Order. Orders received from



delinquent accounts will not be processed until such delinquency has been resolved. This may result in a delayed ship date or delivery date beyond that requested by the delinquent account, or in a Rush Charge and/or Overtime Charge in order for Seller to meet the requested ship or delivery date. In no case will Seller be liable for any such delay due to payment delinquency on the part of the delinquent account.

- 17. Excusable Delay:** Seller shall be excused for delay or failure to perform any term or condition hereunder if such delay or failure results from acts or omissions that are beyond the reasonable control and without the fault or negligence of Seller, including without limitation, Government embargoes, blockades, seizure or freeze of assets, delays or refusals to grant an export license or the suspension or revocation thereof, or other acts of the Government, fires, floods, severe weather conditions, or any other acts of God, quarantines, labor strikes or lockouts, riots, strife, insurrection, civil disobedience, war, power failures, damage or destruction of any network facilities or server, material shortages or delays in deliveries to Seller by third parties. Seller shall promptly notify Buyer of any such delay or failure and the cause thereof.
- 18. Non-Infringement:** Seller warrants that the use or sale of Product(s) delivered hereunder will not infringe the claim of any United States patent covering the Product(s) itself (themselves). Seller does not warrant against infringement by reason of the use thereof in combination with other products or in the operation of any process.
- 19. Technical Assistance:** At Buyer's request, and at Seller's option, Seller may furnish technical data or assistance with respect to compounding or manufacturing techniques or processes usable in connection with the Product(s) covered by this document or printed on Product(s) container labels. Unless otherwise agreed in writing, all such technical assistance and information will be provided *gratis* and Buyer assumes sole responsibility for results obtained in reliance thereon.
- 20. Indemnity.** Seller assumes liability for and shall indemnify, protect, save and keep harmless and defend Buyer and its affiliates, officers, directors, shareholders, managers, agents, employees, suppliers, subcontractors, servants, successors and assigns (each a "Buyer Indemnitee") or property from any and all liabilities, obligations, losses, damages, penalties, claims, injuries, actions, suits, arbitrations, costs and expenses, including without limitation, negligence and reasonable attorneys' fees and other legal expenses to the extent caused by any misrepresentation, breach, nonperformance, or nonfulfillment of any warranty or other undertaking on the part of Seller hereunder. Buyer assumes liability for and shall indemnify, protect, save and keep harmless and defend Seller and its affiliates, officers, directors, shareholders, managers, agents, employees, suppliers, subcontractors, servants, successors and assigns (each a "Seller Indemnitee") or property from any and all liabilities, obligations, losses, damages, penalties, claims, injuries, actions, suits, arbitrations, costs and expenses, including without limitation, negligence and reasonable attorneys' fees and other legal expenses to the extent caused by any misrepresentation, breach, nonperformance, or nonfulfillment of any warranty or other undertaking on the part of Buyer hereunder.



21. No Disclosure. Seller shall not reveal any specifications designs or other information supplied by Buyer nor disclose to third parties any of the details connected with this Purchase Order without the prior written consent of Buyer. Such specifications, designs or other information shall remain the property of the Buyer. Buyer shall not reverse engineer any of the Product(s) or otherwise seek to discover, use, or disclose to any third parties without Seller's prior written consent the components of or process for producing any of the Product(s), all of which shall remain the property of the Seller.

22. Changes. Buyer may, at any time, by written change Purchase Order, suspend or cancel performance of this Purchase Order, in whole or in part, or make changes in the quantities, drawings, designs, specifications, method of shipment or packing, or time or place of delivery of the Product(s); provided, however, that Buyer shall remain liable to pay for any Product(s) produced by Seller pursuant to a Purchase Order before Seller receives any change to or cancellation of that Purchase Order.

Buyer may accelerate the schedule or increase the quantity provided at no charge provided Buyer notifies Seller at least 8 weeks prior to the first day the acceleration or increase is to take place.

Buyer may decelerate the delivery schedule at no charge provided the Buyer notifies Seller at least thirty (30) days prior to the first day of the month in which the deceleration is to take place.

If the cost of property is made obsolete or excessive as a result of a change that is paid for by Buyer, Seller will properly and legally dispose of Product(s) and Buyer will pay the cost of such disposal.

Any claim for adjustment under this Section 22 may, at Buyer's option, be deemed to be absolutely and unconditionally waived, unless asserted in writing (including the amount of the claim) and delivered to Buyer within thirty (30) days from the date of receipt by Seller of the change order.

23. Entire Agreement. This instrument contains the entire agreement between the parties, and it is expressly understood and agreed that no promises, provisions, terms, warranties, conditions or obligations whatsoever, whether express or implied, other than herein set forth, shall be binding upon either party. Any subsequent additions, deletions or modifications to this agreement shall not be binding upon the parties unless the same are mutually agreed upon and incorporated herein in writing signed by both parties.

24. Applicable Law. This Purchase Order or any other agreement resulting herefrom shall be deemed to have been made in the State of Georgia and shall be construed and governed in accordance with the laws of the State of Georgia, except that Buyer and Seller expressly agree to exclude the United Nations Convention on the International Sale of Product(s), 1980, and any successors thereto. Buyer expressly consents to the



exclusive jurisdiction of any state or federal court in the State of Georgia and waives service of process. Buyer waives any objection to venue in any such court.

- 25. Assignment.** This Purchase Order binds and inures to the benefit of each party, their respective successors and permitted assigns. Neither party may assign any right or interest in this Purchase Order nor delegate the performance of any of its obligations without the other party's prior written consent.
- 26. Remedies:** The remedies herein provided shall be cumulative and in addition to any other remedies allowed by law or in equity. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of this Agreement at a future time or of any other right. Failure by a party to assert all or any of its rights upon any breach of this Agreement shall not be deemed a waiver of such rights either with respect to such breach or any subsequent breach, nor shall any waiver be implied from the acceptance of any payment or service. No waiver of any right shall extend to or affect any other right a party may possess, nor shall such waiver extend to any subsequent similar or dissimilar breach.
- 27. Limitation of Liability.** Neither party's liability to the other hereunder shall, under any circumstances, be greater than the total dollar amount of the purchase order indicated herein.

Acknowledgment that T&C above has been read and is agreed to by Buyer.

Authorized Rep Signature Block

Date