

**RUTLAND GROUP, INC.**  
**TERMS AND CONDITIONS OF PURCHASE**

**1. DEFINITIONS.** For purposes hereof: (i) “**Rutland**” means Rutland Group, Inc., a Delaware corporation; (ii) “**Supplier**” means the individual or entity whose name appears on the face of the Order Confirmation; (iii) “**Terms and Conditions of Purchase**” means the following terms and conditions of purchase which are hereby incorporated by reference in, and made part of, the Order Confirmation to which these Terms and Conditions of Purchase are attached or with respect to which they relate or have been delivered or made available to Supplier (including by access to Rutland’s website); (iv) “**Products**” means the products and other materials, and “**Services**” means the services, described on the face of the Order Confirmation (Products and Services are collectively referred to as the “**Deliverables**”, as applicable); and (v) “**Order Confirmation**” means Rutland’s purchase order form or memorandum, signed by Rutland and sent to Supplier.

**2. TERMS OF PURCHASE.** Except as otherwise provided in the Order Confirmation, the purchase by Rutland of Deliverables from Supplier is governed by these Terms and Conditions of Purchase only, which, together with the Order Confirmation, form the contract between Supplier and Rutland. All terms to the contrary, or additional terms and conditions of purchase, stated in any purchase document or other commercial documents prepared by Supplier have been, and hereby are, rejected and have no applicability or effect. To the extent not otherwise explicitly accepted by Supplier, provision of any Deliverables pursuant hereto shall constitute acceptance by Supplier of the terms hereof. These Terms and Conditions of Purchase may be modified or amended by Rutland at any time, and from time to time, by notice to Supplier.

**3. PRODUCT PARTICULARS.** Subject Products are to be listed and described on an Order Confirmation, which may also contain formulations and specifications in accordance with which the Products are to be produced (the “**Formulations**” and “**Specifications**”). The Formulations and Specifications are collectively referred to as the “**Product Particulars**”).

**4. SUPPLY OF PRODUCTS.** Supplier shall manufacture Products in accordance with the Product Particulars, and supply and deliver the same solely and exclusively to Rutland (and/or to such other third parties as Rutland may designate or otherwise authorize), pursuant to the terms and conditions set forth herein. Supplier acknowledges and agrees that there are no minimum or other purchase obligations applicable to Rutland hereunder, and that Rutland is free to manufacture for itself, and/or to purchase from third parties, products similar or identical to the Products.

**5. DELIVERY OF PRODUCTS.** Unless otherwise specified in the Order Confirmation, (i) delivery terms for Products shall be DDP Rutland’s facility in Pineville, North Carolina and (ii) the Products shall be delivered all at one time. Upon delivery of the

Products, as provided above, the Products shall become the property of Rutland. Prior thereto, any losses or damage thereto shall be borne by Supplier. Supplier shall obtain appropriate risk insurance for fire, theft, damage and destruction (and extended coverage including vandalism) protecting the Products until such time.

**6. INSPECTION, ACCEPTANCE AND REJECTION.** Upon receipt of Products, Rutland shall have one hundred eighty (180) days to inspect such Products and furnish to Supplier in writing any claim that Rutland may have in connection with such Products (the “**Inspection Period**”). Except as to latent defects (i.e., defects not capable of detection as a result of visual inspection), Rutland’s failure to make a claim within the Inspection Period will be deemed to constitute Rutland’s acceptance of such Products.

**7. REFUNDS AND REPLACEMENTS.** If, within the Inspection Period, any Products fail to satisfy the requirements set forth herein, Rutland shall determine whether the appropriate resolution is (i) a refund of the Purchase Price (defined below) or (ii) replacement of the subject Product. If a refund is elected by Rutland, Supplier shall remit to Rutland, within thirty (30) days of notice from Rutland of that election, all of the Purchase Price. If replacement is elected by Rutland, Supplier will (i) accept from Rutland, the return of any non-compliant, damaged or defective Products and (ii) within fifteen (15) days of such notice, and at its sole cost and expense, arrange for, and ship to Rutland, compliant, non-damaged and non-defective Products as replacements for such returned Products. Supplier shall reimburse Rutland for all freight and handling charges incurred by Rutland in the return of any Products.

**8. PERFORMANCE OF SERVICES.** Supplier shall provide the Services to Rutland as described in and in accordance with, any descriptions, specifications, quality parameters, performance requirements and schedules set forth on the Order Confirmation and in accordance with these Terms and Conditions. Additionally, performance of Services hereunder will be subject to the terms of any other contractual arrangement required by Rutland in conjunction therewith (any such arrangement, a “**Supplemental Services Agreement**”). A Supplemental Services Agreement shall supercede and govern any conflicting terms or ambiguities arising between these Terms and Conditions of Purchase and the Supplemental Services Agreement.

**9. PAYMENT.** Supplier shall provide to Rutland an invoice for subject Deliverables, on the date of provision of the same, consistent with the Order Confirmation and these Terms and Conditions of Purchase. Rutland shall pay to Supplier the amount properly listed on the face of the Order Confirmation and invoice (the “**Purchase Price**”), with respect to ostensibly conforming Deliverables, in the manner and in accordance with the terms

provided thereon. Any and all taxes imposed by federal, state or other governmental authorities on the purchase of Deliverables that are properly owed by Rutland shall be listed on the Order Confirmation and invoice. Unless otherwise provided on the Order Confirmation, payment is due from Rutland, in full, forty-five (45) days from the date of receipt by Rutland of a properly submitted invoice.

**10. PERMITS.** It shall be the responsibility of Supplier to obtain any and all governmental permits and/or licenses necessary to comply with all relevant laws applicable to the provision of Deliverables as required hereunder. At Rutland's request, Supplier shall supply copies of all such permits and/or licenses to Rutland, together with written confirmation that all necessary permits and/or licenses have been obtained.

**11. INTEGRATION OF PRODUCTS.** Supplier acknowledges and agrees that Rutland may use the Products in conjunction with other manufacturers' products or equipment and that failure of the Products to operate and function in accordance with the requirements hereof shall constitute a breach of this contract.

**12. WARRANTIES.** Supplier represents and warrants to Rutland that Products delivered to Rutland (i) are merchantable, (ii) are fit for Rutland's and its customers' intended purposes, (iii) are of sound material and workmanship and (iv) have been manufactured and produced in accordance, and in compliance, with the Product Particulars set forth in the Order Confirmation.

Further, Supplier represents and warrants to Rutland that it shall perform the Services (i) in the manner required by these Terms and Conditions of Purchase and any applicable Supplemental Services Agreement, (ii) using personnel of appropriate and required skill, experience and qualification, (iii) in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and (iv) by devoting adequate resources to meet its obligations under these Terms and Conditions.

Rutland shall not be responsible for any damages resulting from the negligence of Supplier or the failure of Supplier to produce and provide the Deliverables in accordance with the procedures and standards prescribed by Rutland or by any federal, state or local law, rule or regulation.

**13. SAFETY MEASURES.** In providing the Deliverables, Supplier shall follow all procedures and warnings, if any, recommended by Rutland. Supplier shall ensure that all persons involved in production of the Deliverables are qualified to do so and have been adequately trained. Should Supplier fail to comply with the requirements hereof, or if Supplier shall fail to produce the Deliverables in accordance with Rutland's recommendations and requirements, Supplier will indemnify and hold Rutland harmless from, and pay for, any Liabilities (as defined below) incurred by

Rutland (or by any persons injured directly or indirectly) as a proximate result of such failure.

**14. REMEDIES UPON BREACH.** If Supplier breaches this contract, Rutland shall be entitled, in addition to any and all other remedies at law or equity (or elsewhere hereunder) to recover all Liabilities (as defined below) incurred by Rutland (or to which Rutland is subject) in connection therewith.

If Rutland breaches this contract, Supplier's exclusive remedy shall be to terminate this contract, by written notice thereof to Rutland, and to receive payment of amounts properly due Supplier for any Deliverables that have been provided by Supplier as of the date of such termination.

**15. CANCELLATION.** Rutland may cancel this contract, and suspend any further purchases and provision of Deliverables hereunder, if (i) any proceedings in bankruptcy, insolvency, receivership or liquidation are taken against Supplier; (ii) Supplier makes an assignment for the benefit of creditors or suffers a condition of bankruptcy or insolvency; (iii) the Products in Supplier's possession are seized under any legal process or are confiscated; or (iv) Rutland in good faith believes that the ability of Supplier to perform any provision of this contract is impaired or that any of the events mentioned above are about to occur.

**16. INDEMNITY.** Supplier agrees that, on the demand of Rutland, it shall hold harmless and indemnify Rutland from and against, and pay for, any and all Liabilities (as defined below) that are incurred by Rutland, or are imposed on or asserted against Rutland by a third party, arising out of any breach hereof by Supplier or any transaction contemplated hereby. The term "**Liabilities**" means any liability, obligation, loss, damage, fee, fine, penalty, action, claim, judgment, settlement, proceeding, cost, expense and disbursement, of any kind or nature whatsoever, including, without limitation, (i) Rutland's costs of labor applied to this contract, overhead, costs of any materials applied to or ordered in conjunction with this contract, and any charges imposed on Rutland by customers, other suppliers or subcontractors and (ii) all reasonable attorneys' fees (and costs and expenses of defense, appeal, and settlement) associated with any suits, actions or proceedings instituted against Rutland, and all costs of investigation in connection therewith.

**17. GOVERNING LAW; ARBITRATION.** This contract shall be governed by the laws of the state of North Carolina, without reference to its conflict of laws provisions. Any controversy, claim or dispute arising out of or relating to this contract (including, without limitation, questions concerning whether a matter is required to be submitted to arbitration under this Section) shall be determined by binding arbitration; provided, however, that any party that wishes to institute arbitration proceedings must first notify the other party in writing of its intent to initiate such proceedings. Demand for arbitration may not be made until

twenty-one (21) days immediately following the date such notice is sent.

All arbitration proceedings between the parties hereto shall be administered by the office or designated facility of the American Arbitration Association (“AAA”) in Charlotte, North Carolina, and all hearings shall be held in Charlotte, North Carolina. All such arbitration proceedings shall be conducted in accordance with the commercial arbitration rules of AAA in force as of the date demand for arbitration is made. The parties agree to abide and be bound by all decisions and awards rendered by the arbitrator. Judgment upon such decisions and awards may be entered in any court having jurisdiction. Notwithstanding the laws of North Carolina, the arbitrator(s) shall in no event award punitive, treble or exemplary damages.

**18. CONFIDENTIALITY.** Each party acknowledges that during the course of performing its duties and obligations hereunder, it may come into contact with confidential information pertaining to the other party or its affiliates and their respective business operations. The receiving party shall exercise the same degree of care and protection from disclosure with respect to the confidential information of the disclosing party that it exercises with respect to its own confidential information, but in no event less than a reasonable standard of care. The receiving party shall not, directly or indirectly, disclose, copy, distribute, republish or allow any third party to have access to any confidential information of the disclosing party. Notwithstanding the above, the receiving party may disclose the disclosing party’s confidential information (i) to those of its employees and its affiliates’ employees whose duties require such disclosure; provided, that such employees are informed of this contract and agree to be bound by the terms hereof, and the receiving party remains liable for any breach by such employees of the terms of this contract; and (ii) if so required by law (including court order or subpoena).

**19. INTELLECTUAL PROPERTY RIGHTS.** Rutland is and shall be the sole owner of any and all intellectual property rights in the Deliverables and Product Particulars, including all tangible or physical items disclosing, summarizing or otherwise reflecting or relating to the Deliverables, the Product Particulars and the underlying intellectual property rights therein. Accordingly, the parties agree that any improvements or other inventions derived from or based upon, or otherwise relating in any way to, the Deliverables or Product Particulars, which are developed either by Rutland or Supplier in connection with performance under this contract, or otherwise as a result of access to the Deliverables, Product Particulars or the confidential information of Rutland, shall be deemed works made for hire and shall be owned exclusively by Rutland. Supplier shall execute any assignment or other documents reasonably requested by Rutland to evidence Rutland’s ownership rights in any such improvements or inventions. Notwithstanding anything contained in this contract to the contrary, this provision shall survive any termination of this contract and shall not lapse.

**20. NOTICES.** All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) if delivered by hand, when delivered; (ii) if given by facsimile or overnight delivery, when received; (iii) if given by mail, five (5) days after being mailed, certified or registered mail, with postage prepaid; or (iv) if given by electronic transmission, the day received if promptly followed by one of the foregoing means, all to the appropriate addresses as set forth on the Order Confirmation (or to such other address as a party may designate by notice to the other party).

**21. MISCELLANEOUS.** The terms and conditions of purchase stated herein, along with the Order Confirmation and any Supplemental Services Agreement, constitute a contract between Supplier and Rutland and constitute the complete and exclusive statement of the terms and conditions of purchase of the Deliverables. There are no other promises, conditions, understandings, representations or warranties of any kind with respect to the subject matter hereof. This contract may be amended, modified or supplemented only by a writing signed by Rutland and Supplier. The failure of Rutland to enforce any right hereunder will not be construed as a waiver of its right to performance in the future. Any provision of this contract that is, or is deemed to be, unenforceable in any jurisdiction shall be severable from this contract, in that jurisdiction, without in any way invalidating the remaining provisions of this contract, and that unenforceability shall not make that provision unenforceable in any other jurisdiction. The rights which accrue to Rutland by virtue of this contract shall inure to the benefit of its successors and assigns.