

TERMS AND CONDITIONS OF PURCHASE

1. Agreement. The terms and conditions set forth in these Terms and Conditions of Purchase shall apply to all purchase orders issued by Menardi Mikropul LLC, Pneumafil Corporation or LCI Corporation International (such entity, if identified as the Purchaser on the face of the relevant purchase order, being the "Purchaser") for the purchase of goods (each such purchase order including all attachments and these Terms and Conditions of Purchase, as amended in accordance with the terms hereof, the "Order") constitutes an offer by Purchaser to purchase the goods specified on the face hereof (the "Goods") at the price(s) and with the delivery date(s) so specified, upon the terms and conditions set forth herein and in accordance with any specifications appearing on the face hereof or in any attachments, test reports, schedules, exhibits, designs or drawings attached hereto (the "Specifications"). Seller shall be deemed to have accepted the Order by written acknowledgement or by commencement of work upon or delivery of any of the Goods. There are no oral understandings between Purchaser and Seller and no agreements other than those embodied in the Order. Any proposal to vary any of the terms of the Order in Seller's acceptance (including, without limitation, any proposal that Purchaser be liable for any expense, charge, fee or payment not expressly set forth in the Order is hereby objected to and rejected, and shall not become a part of the Order. The Order may not be amended or modified except by a writing signed by an authorized representative of Purchaser. The Order shall in no respect constitute an acceptance of any offer by Seller.

2. Termination for Cause. Purchaser may, by written notice effective when received by Seller, cancel and terminate the Order with respect to all or any portion of any Goods then not accepted by Purchaser, (i) in the event any Goods delivered hereunder are defective or otherwise do not conform to the Order, (ii) if Seller fails to deliver any goods in accordance with the delivery schedule set forth herein, except as a result of *force majeure*, (iii) if Seller makes an assignment for the benefit of creditors, files or has filed against it proceedings in bankruptcy, if a receiver is appointed for Seller, or if Seller's financial condition becomes otherwise unsatisfactory to Purchaser, (iv) if Seller, within ten (10) days after request by Purchaser, fails to provide Purchaser with reasonable assurances of its ability to perform hereunder, or (v) if Seller otherwise fails to comply with any of the terms hereof. In addition, and not as a limitation of the foregoing, in the event of any breach by Seller of this contract, the Purchaser may deem the Order breached and hold Seller liable for all damages, whether direct or consequential, and all losses of every type, resulting from such breach.

3. Delivery. Seller shall adhere strictly to the delivery date(s) and other time provisions specified in the Order. Time is of the essence, and failure of the Seller to deliver the Goods by the time specified in the Order (notwithstanding Purchaser's acceptance of such Goods after the delivery date) shall entitle Purchaser to terminate the Order in accordance with paragraph 2 or declare the Order breached. Seller, however, shall not manufacture goods in advance of reasonable flow time or deliver in advance of scheduled delivery without Purchaser's prior written consent. In the event of termination or change of the Order, no claim will be allowed against Purchaser for manufacture or procurement in advance of reasonable flow time unless Purchaser has given such consent.

4. Inspection and Acceptance. Payment for or receipt of the Goods delivered hereunder shall not constitute acceptance thereof. Purchaser shall have the right to inspect such Goods within a reasonable period after delivery. Purchaser shall not be obligated to exercise its right of inspection hereunder prior to cutting, processing or altering any Goods which are raw materials, and no such action by Purchaser shall constitute acceptance of such Goods. If, in Purchaser's judgment, any Goods are defective or fail to conform to the terms hereof, Purchaser may reject such Goods and return them to Seller at Seller's expense, and, in addition to Purchaser's other rights, may charge Seller all expenses of unpacking, examining, repacking and reshipping such Goods. In the event Purchaser accepts Goods whose defect or nonconformity is not apparent on visual examination, Purchaser reserves the right to reject or revoke any acceptance of such Goods, and in such event shall have all of the rights and remedies with respect to such Goods as if they had been initially rejected. Complaints, claims or notices of any defect or breach shall be considered to be timely made if made within fifteen (15) days after Purchaser actually discovers or learns of the existence thereof. If any inspection or test is to be made on the premises of Seller, Seller without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties.

5. Shipping. All shipments shall be suitably packed, marked and shipped in accordance with all requirements for shipment by common carrier and in such a manner as to secure the lowest transportation costs, unless otherwise noted on the face of the Order. A separate delivery receipt must be issued on each Purchaser Order, regardless of whether a single delivery under two or more Purchase Orders are made at the same time.

6. Containers; Invoices. Purchaser shall not be responsible for the return of containers unless Purchaser has been advised of such return costs prior to its issuance of the Order. When shipments are prepaid and the costs are added to the invoice, the receipted shipping document must be attached to the invoice. The parties agree that the invoice payment and cash discount periods shall commence upon the later of delivery and Purchaser's receipt of Seller's invoice.

7. Expenses. Seller shall bear all expenses of boxing, packing, crating and shipping unless specifically indicated otherwise on the face of the Order. If any delivery required of Seller is behind the schedule specified in the Order, Purchaser may elect to have such delivery made via express shipments, and Seller shall be responsible for payment of all additional amounts incurred as a result of such express shipment.

8. Risk of Loss; Liability. Regardless of the shipping and payment terms agreed to by Seller and Purchaser, risk of loss or damage in transit shall be the sole responsibility and liability of Seller until goods conforming to the terms hereof are delivered to and have been inspected and accepted by Purchaser. Seller shall be liable to Purchaser for any loss or damage and for any expenses incurred by Purchaser resulting from Seller's failure to provide adequate protection during shipment or otherwise to comply with the provisions of this paragraph 8.

9. Warranty. Seller warrants that all Goods delivered pursuant to the Order have been manufactured, distributed and delivered in compliance with all applicable federal, state and

local laws, regulations and ordinances. Seller expressly warrants that all such Goods shall (i) conform to all Specifications and appropriate standards and be free from faulty design (to the extent such design is not furnished by Purchaser) or defects in material or workmanship, (ii) be of sufficient size, capacity and materials so as to fulfill in all respects all of the Specifications, (iii) be merchantable and be safe and appropriate for the purpose for which goods of that kind are normally used, and (iv) be free and clear of all liens, security interests, charges, assessments and encumbrances, of any sort. If Seller knows or has reason to know of any particular purpose for which Purchaser intends to use the Goods, or that Purchaser is relying on Seller's skill or judgment to select or furnish suitable Goods, Seller warrants that such Goods will be fit for such particular purpose. Seller warrants that all Goods delivered hereunder will conform in all respects to any samples previously provided. Seller's warranties hereunder shall run to Purchaser, its successors, assigns and customers, and to any users of any of the Goods. In the event any of the Goods fail to meet the standards contained in the warranties made in the Order, Purchaser may, in addition to any other rights it may have by law, at its option (i) require Seller at its own expense and as promptly as possible to make all changes, modifications or improvements necessary to cause such Goods to conform with such standards, (ii) elect to accept or retain any such Goods, subject to an appropriate adjustment to the purchase price of such Goods to reflect the diminution in value of the Goods resulting from the defects, or (iii) repair, adjust or alter any such Goods or materials or parts thereof, or replace and return such Goods, materials or parts to Seller. In the event Purchaser chooses any of the options set forth in clauses (i) or (iii) above, Seller shall reimburse Purchaser as promptly as possible for any and all loss, damage and expense incurred by Purchaser as a result of the delivery of such nonconforming or defective Goods and the corrective action taken.

10. Indemnification and Insurance. Seller shall indemnify and hold harmless Purchaser, its agents and customers and others for whom Purchaser is acting, against any and all damages, liabilities, claims, losses and expenses (including reasonable attorneys' fees and court costs) arising out of or resulting in any way from any defect or non-conformity in the Goods, any injury to persons or property caused by, relating to or arising out of the sale or use by anyone, of the Goods, or the infringement of any associated trade name, patent, design, mask work, right of privacy or other infringement of intellectual property rights. In the event any claims are made against the Purchaser with respect to any such matters, the Purchaser reserves the right, in addition to other rights and remedies, to return the Goods already delivered and accepted by Purchaser for full repayment of the purchase price. At Purchaser's request, Seller shall promptly assume full responsibility for the defense of any suit or proceeding that may be brought against Purchaser, its agents or customers for alleged patent, copyright, trade secret or mask work infringement, as well as for any alleged unfair competition resulting from a similarity in design, trademark, or appearance of Goods furnished hereunder. Seller shall maintain such liability insurance, including products liability, automobile liability, workers' compensation, and employer liability insurance, as will adequately protect Purchaser, and its agents and customers, against any and all damages, liabilities, claims, losses, and expenses for which Seller may be required to indemnify Purchaser pursuant to this paragraph.

11. Confidential and Proprietary Information. All disclosures, drawings, specifications, patterns or technical or business information furnished at any time to Seller by Purchaser shall remain the sole property of Purchaser, shall

not be disclosed to any third party by Seller or used by Seller other than in the performance of its obligations hereunder without the prior written consent of Purchaser, and any and all copies thereof shall be returned to Purchaser promptly upon Purchaser's request. Purchaser shall at all times be free to copy, reproduce and use, or permit the copying, reproduction or use of, any designs or patterns which it has made available to Seller. Without Purchaser's prior written consent, Seller shall not advertise or publish the fact that Purchaser is using, has purchased or has contracted for the purchase of, the Goods specified herein or otherwise disclose any information relating to the Order.

12. Patent Rights. Patent rights to all improvements embodied in designs, tools, patterns, drawings, information and equipment supplied by the Purchaser under the Order and exclusive rights for the use and reproduction thereof, and all patent rights arising out of the performance under the Order shall accrue and be assigned to, and be owned by, Purchaser, and Seller shall execute and deliver such instruments as may be necessary to effect or confirm such ownership.

13. Force Majeure. Purchaser may delay the receipt or acceptance, or Seller the manufacture, distribution or delivery, of any of the Goods if such delay is occasioned by governmental action, acts of God, an accident, strike, lockout or other labor dispute, or any other cause beyond the control of the party affected thereby. Seller's obligations hereunder shall not be so suspended if it is able to supply such Goods from a facility not affected by such cause. Notwithstanding the foregoing, in the event Seller is caused by *force majeure* to delay the manufacture, distribution or delivery of any Goods, Purchaser may cancel all or any part of the Order if in Purchaser's judgment such cancellation is necessary to enable Purchaser to terminate its obligations to third parties or to purchase similar goods elsewhere in order to meet its own requirements in the ordinary course of business. Any such cancellation shall be considered a cancellation under paragraph 2, except that Seller shall not be liable to Purchaser for losses and damages incurred by Purchaser by reason of such cancellation.

14. Limitation on Purchaser's Liability – Statue of Limitation. Purchaser's liability to Seller on any claim of any kind for any loss or damage arising out of, in connection with or resulting from the Order or from the performance or breach hereof shall in no case exceed the price allocable to the Goods (or units thereof) which give rise to such claim. In no event shall Purchaser be liable to Seller for anticipated profits or for any special, incidental or consequential damages whatsoever, nor for penalties of any description. Any action resulting from any breach or failure to perform by Purchaser hereunder must be commenced within one year after the cause of action has accrued.

15. Assignments and Subcontracting. Seller may not assign or subcontract any part of the Order without the prior express written consent of Purchaser.

16. Waiver. No waiver of any of the terms and conditions of the Order shall be effective unless in writing and signed by an authorized officer or authorized employee of Purchaser. No waiver of any breach of any terms or conditions of the Order shall be construed as a waiver of any subsequent breach of the term or condition or of another item or condition of the same or different nature.

17. Changes. Purchaser shall have the right at any time before completion of all deliveries to be made by Seller under the Order, by written change or other notice of any kind, to make changes in drawings, specifications, quantities, delivery

schedules or methods of shipment or packaging on any Goods. If Seller notifies Purchaser in writing, within (10) days of its receipt of such change order or other notice of change, of its desire to amend any of the terms hereof in response thereto, then Purchaser and Seller shall attempt to negotiate an equitable adjustment of such terms as Purchaser and Seller may deem appropriate. Purchaser may, at its option, cancel the Order as to any Goods not yet accepted if Purchaser and Seller cannot reach agreement on an equitable adjustment, such cancellation to be made pursuant to paragraph 2 of the Order. The Order, together with any change orders or instructions approved by Purchaser in writing constitutes one integrated contract.

18. Compliance with Relevant Federal Law. By acceptance of the Order, Seller hereby warrants and represents to Purchaser that all Goods delivered hereunder and Seller, in the installment or erection of the Goods or otherwise, shall comply with all applicable Federal, State and Local Laws, regulations and orders, including without limitation, "The Fair Labor Standards Act of 1938, as amended;" "Executive Order 11246 of September 24, 1965;" "The Vietnam Era Veterans Readjustment Act of 1974;" "The Rehabilitation Act of 1973;" "The U.S. Department of Labor's Occupational Safety and Health Standards for General Industry (29 C.F.R. Part 1910), as amended, and any and all clauses required by such laws to be continued herein are incorporated herein by reference. Upon request, Seller shall furnish to Purchaser a certificate of compliance with any and all applicable, laws, regulations and orders.

19. Severability. Any part of the Order held to be invalid or unenforceable shall be deemed ineffective to the extent thereof without affecting the validity or enforceability of any other part of the Order.

20. Governing Law. The Order shall be governed by and shall be construed in accordance with the laws of the State of North Carolina.

21. Arbitration. Any controversy or claim arising out of or relating to the Order or the performance or breach hereof shall be settled by arbitration conducted in Charlotte, North Carolina in accordance with the Rules of American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties consent to the jurisdiction of the state and federal courts sitting in North Carolina for all purposes in connection with such arbitration. The parties further consent that any process, notice of motion or other application to any such court, arbitral panel, judge or arbitrator may be served by registered mail or personal service in or outside the State of North Carolina, provided a reasonable time for appearance is allowed, or in such other manner as may be allowed under the rules of such courts.