



REINHOLD TERMS OF SALE

1. DEFINITIONS

"Seller" means Reinhold Industries, Incorporated ("Reinhold") and "Buyer" means the person, company or entity purchasing Goods from the Seller. "Goods" refer to any Reinhold products and services offered by the Seller and purchased by the Buyer. An "Offer" constitutes any quote, proposal or offer to sell Goods by the Seller to the Buyer. An "Order" constitutes any Agreement, purchase order or similar contractual instrument issued by the Buyer to the Seller to purchase Goods. Seller and Buyer may be referred to herein as a "Party" or jointly as the "Parties".

2. ACCEPTANCE

Acceptance of Buyer's Order and any changes thereto is expressly conditioned upon the Buyer's consent to Reinhold Terms of Sales (the Agreement). Seller shall not be bound by any terms or conditions that differ from the Reinhold Terms of Sale. Failure by the Seller to take exceptions to any terms or conditions and/or any other communication from the Buyer shall not constitute a waiver of any of the terms and conditions listed herein. Seller's acceptance of Buyer's Order will be deemed as acceptance of Reinhold's Terms of Sale.

3. PRICING

All pricing is stated in US dollars and valid for a period of thirty (30) days from the date of the Seller's offer unless noted otherwise. Pricing applies specifically to Reinhold Goods. Any applicable taxes for sales, use, excise, import duty or other as imposed by any government authority will be added to the invoice and paid by Buyer, unless the Buyer provides the Seller with applicable tax exemption documentation.

4. PAYMENT

Payment terms and credit are subject to review and approval by the Seller. Standard payments terms are net thirty days from the date of the Seller's invoice, all payments to be made without setoff or counterclaim. Each shipment shall be treated as a separate and independent transaction and subject to proper payment by the Buyer. Seller reserves the right to change the terms without notice should Buyer fail to complete the terms of payment for a prior invoice submitted by the Seller. All amounts due to Seller but not paid by Buyer on the due date bear interest payable by Buyer to Seller at the lesser of one and one-half percent (1.5%) per month or the maximum interest rate from time to time permitted under applicable law. Buyer will also be liable to Seller for any expenses incidental to collection of past due amounts. BUYER HEREBY GRANTS TO SELLER A SECURITY INTEREST IN THE GOODS UNTIL FULL PAYMENT IS RECEIVED. BUYER AUTHORIZES SELLER TO FILE A UCC-1 FINANCING STATEMENT IN SUCH JURISDICTIONS AS SELLER DEEMS APPROPRIATE TO PERFECT SUCH SECURITY INTEREST IN THE GOODS. If any lot or parcel is not accepted and/or paid for in accordance herewith or any stated periodic minimum quantity shall not be ordered out, then Seller may without prejudice to other lawful remedy, defer shipments until settlement is made, terminate the contract or treat such failure as substantially impairing the value of the whole contract at issue and hence as a breach thereof. If in the opinion of Seller the financial responsibility of Buyer shall at any time become impaired, Seller may decline to make further shipments except on advance receipt of cash or satisfactory security.

5. DELIVERY

All shipments are F.O.B. Seller's plant, 12827 East Imperial Highway, Santa Fe Springs, California, 90670. Title to Goods and associated risks will transfer to the Buyer upon Seller presenting Goods to the carrier. Prepaid shipping, insurance and other rated delivery costs shall be paid for by the Buyer. Buyer agrees to reimburse Seller for actual costs associated with delivery of goods accordingly. Choice of transportation, carrier, shipping method and route shall be at Seller's election unless specified by Buyer in writing. Any claims resulting from Goods lost or damaged in transit, or claims of shortages received or of shipment tampering must be filed by Buyer exclusively with the carrier.

6. DELAYS AND FORCE MAJEURE

Seller will utilize commercially reasonable efforts to fulfill order in accordance with the estimated delivery/shipment date; however, Seller shall not be responsible for any delays in filling an order nor liable for any damages, losses, re-procurement costs, or penalties related to delivery delays. Seller will not be liable for delays due to

force majeure, including but not limited to, weather conditions, fires, floods, earthquakes, accidents, labor disputes, strikes, disruptions, acts of civil or military authorities, war, terrorism, riots, supplier delays, material shortages, or other acts of God or any other causes beyond the reasonable control of the Seller.

7. EXPORT SALES COMPLIANCE

For all Goods, services and information supplied by the Seller to the Buyer for resale, export, or re-export, Buyer agrees not to directly or indirectly export any Goods without first obtaining the required U.S. Government export licenses. Buyer agrees to comply with all applicable export laws and regulations, and export licensing requirements. The Buyer agrees to indemnify, defend and hold Seller and any of Seller's suppliers harmless from and against any and all liabilities, losses, claims, complaints, damages and expenses (including, but not limited to, reasonable attorney fees, court costs, costs of investigation and defense, and any other related expenses) suffered, sustained, incurred, arising from Buyer's failure to comply with this section.

8. INSPECTION AND TESTING

All Goods provided by the Seller are subject to the Seller's standard inspection process. Any additional test requirements and/or inspection requirements will be performed at the Buyer's expense. Should Seller and Buyer agree to Buyer's inspection at Seller's facility, Buyer's inspection may not interfere unreasonably with Seller's operations and Buyer's approval or rejection of Goods is required prior to shipment of Goods. Buyer will perform reasonable inspection of Goods immediately upon receipt at Buyer's facility and will give Seller prompt notice of any non-conformance or defect. Buyer's failure to notify Seller of any non-conformance or defect within thirty (30) days shall constitute a waiver of such non-conformance or defect and Goods to have been deemed acceptable by the Buyer.

9. TERMINATION

Buyer may not terminate an order without written consent of the Seller. Should Seller approve the termination, Seller will provide Buyer with reasonable termination charges and said charges will be due and payable by the Buyer to the Seller within thirty (30) days of submittal of termination charges.

10. CHANGE ORDERS

All change orders submitted by the Buyer must be in writing and may be subject to a price and/or delivery impact. Seller will advise Buyer in writing of any price and/or delivery impact and Seller's acceptance of any change is subject to Buyer's consent in writing to any price and/or delivery adjustments.

11. WARRANTY

Seller warrants to the Buyer that the Goods and/or services conform to all the written specifications and drawings provided by Seller and to be free of defects in material and workmanship for a period of one (1) year from the date of shipment.

Should Buyer identify any defect in material and/or workmanship, Buyer will promptly notify Seller of the defective Goods. The Seller may elect to repair or replace any such Goods found to be defective at the Seller's sole discretion. Seller's warranty does not include Goods that have been subjected to misuse, neglect, improper handling or the like.

SELLER'S EXPRESS WARRANTIES, INCLUDING REMEDIES, ARE EXCLUSIVE AND ARE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. SELLER MAKES NO WARRANTY THAT THE GOODS OR SERVICES WILL BE MERCHANTABILITY OR FIT FOR ANY PARTICULAR PURPOSE. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED EXCEPT SUCH AS IS EXPRESSLY SET HEREIN.

12. LIMITATION OF LIABILITY

IN NO EVENT SHALL SELLER BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES ARISING OUT OF THE PERFORMANCE UNDER THIS AGREEMENT, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH INCIDENTAL OR CONSEQUENTIAL DAMAGES. SELLER'S



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LIABILITY SHALL NOT EXCEED THE PURCHASED PRICE OF GOODS AND BUYER'S RIGHT TO MONETARY DAMAGES IN THAT AMOUNT SHALL BE IN LIEU OF ALL OTHER REMEDIES WHICH BUYER MAY HAVE AGAINST SELLER. ANY CAUSE OF ACTION FOR BREACH OF THIS AGREEMENT (OTHER THAN NONPAYMENT OF THE PURCHASE PRICE) MUST BE COMMENCED WITHIN ONE YEAR AFTER SUCH CAUSE OF ACTION ACCRUES.

13. RETURN MATERIAL AUTHORIZATION

Buyer will notify Seller of all nonconforming Goods for return. Buyer will allow reasonable opportunity for Seller to evaluate nature of nonconformance. Buyer may not return Goods to Seller without prior written authorization (RMA number). Buyer will return nonconforming Goods per the Seller's instructions and failure to adhere to Seller's instructions may result in refusal of Buyer's return shipment. Credit for returned Goods is not automatic and subject to Seller's review and approval.

14. INDEMNITY

Buyer agrees to indemnify and hold harmless Seller including Seller's employees and agents from any and all claims, demands, losses, damages, penalties, lawsuits, and costs arising out of, or relating to the Goods, and/or services supplied hereunder including, without limitation, any goods or services provided by Buyer using the Goods, except to the extent the Goods fail to conform with Seller's warranty hereunder.

15. INFRINGEMENT

For Goods and/or services developed solely by the Seller, Seller agrees to indemnify and hold harmless Buyer from and against any and all actions, suits, claims, demands or prosecutions that may be made, brought or instituted against the Buyer for any alleged infringement for any patent, trademark, or copyright provided the Buyer promptly notifies the Seller in writing of any alleged infringement. In any event, Seller's liability for infringements excludes collateral, incidental and consequential damage and will be limited to the price of Goods associated with the infringement.

16. TOOLING

All molds, dies, jigs, fixtures, mandrels, templates, patterns, forms, specifications, drawings and other data or information used exclusively for the production of Goods for the Buyer will be and remain Seller's property.

Any equipment or materials furnished by Buyer to Seller for the sole purpose of manufacturing goods for the Buyer will be properly stored and maintained by the Seller and when in Seller's possession, Seller will not be liable for damage or loss thereof.

Seller may return equipment or materials to the Buyer at Seller's discretion, by written notice to the Buyer to request the Buyer make disposition thereof at Buyer's expense. If Buyer fails to do so, Seller may make such use or disposition thereof without liability to the Buyer. Buyer agrees to reimburse Seller promptly for the actual costs of disposition incurred by the Seller.

17. WAIVER

Seller's failure to require performance of any provision shall not affect the Seller's right to require performance at any time, nor shall a waiver of any breach or default of this Agreement establish a waiver of any subsequent breach or default or a waiver of the provision itself.

18. ASSIGNMENT

The Buyer may not assign or transfer, directly or indirectly, whole or in part and/or obligations under this Agreement without prior written approval of the Seller.

19. ARBITRATION AND GOVERNING LAW

This Agreement and the rights and obligations of Buyer and Seller shall be governed by and construed in accordance with the internal laws of the State of New York in the United States of America, without regard to conflicts of laws. Buyer consents to jurisdiction, venue and forum in a State Court located in the County of New York, State of New York, United States of America. Buyer further agrees to and does hereby irrevocably waive the defense of inconvenient forum. TO THE MAXIMUM EXTENT PERMITTED BY LAW, BUYER

AND SELLER EACH HEREBY IRREVOCABLY WAIVES TRIAL BY JURY. Any controversy, dispute, claim or complaint of whatever nature arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement shall be submitted to final and binding arbitration under the commercial rules of arbitration of the American Arbitration Association to be held in the County of New York, State of New York, United States of America. The International Convention on Contracts for the International Sales of Goods shall not apply, such proceedings shall be governed by the laws of the State of New York Arbitration awards and decisions are subject to Provision 12, Limitation of Liability. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

20. SEVERABILITY

In the event that any provision of this Agreement is held unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain valid and enforceable.

21. SURVIVAL

The following provisions will survive the termination or expiration of this Agreement: 4: Payment; 5: Delivery; 6: Delays and Force Majeure; 7: Export Compliance; Section 8 Inspection and Testing; 9: Termination; 11: Warranty; 12: Limitation of Liability; 14: Indemnity; 19: Arbitration and Governing Law; 20: Severability; and 21: Survival.

22. COMPLETE AGREEMENT

This document constitutes the complete and exclusive understanding of the terms of the Agreement between the Seller and Buyer, notwithstanding any prior course of dealing, custom or usage of trade or course of performance or any additional or different terms proposed by Buyer at any time, and supersedes all previous or additional agreements and arrangements. Neither Seller nor Buyer shall amend or modify this agreement without written agreement of a duly authorized representative for each Party. The remedies of Seller under this Agreement are cumulative and shall not exclude any other remedies to which it may be lawfully entitled.

23. ATTORNEYS' FEES AND COLLECTION FEES

If any suit or action to enforce or to interpret any of the terms and conditions herein, or to recover damages as a result of breach of any provision of this Agreement, or any effort to complete collection, the prevailing party shall be entitled to recover from the non-prevailing party all costs and expenses including, but not limited to, reasonable attorney fees, court costs, traveling and lodging expenses, costs of investigation and defense, accrued interest, and any other reasonable expenses incurred by the prevailing party in prosecuting or defending such action and any appeal taken there from. In the event any collection effort is initiated to interpret or to enforce any of the terms or conditions of sale between Buyer and Seller, the prevailing party shall be entitled to recover from the non-prevailing party all costs and expenses including, but not limited to, unpaid balance, collection fees, accrued interest on the default dollar amount, reasonable attorneys fees, court costs, traveling and lodging expenses, costs of investigation and any other reasonable expenses incurred by the prevailing party in connection therewith.

24. RELATIONSHIP OF PARTIES

The Parties hereto intend to establish a relationship of manufacturer/supplier and customer and as such are independent contractors with neither Party having authority as an agent or legal representative of the other to create any obligation, express or implied, on behalf of the other.