

LIFOAM INDUSTRIES, LLC
GENERAL TERMS AND CONDITIONS OF PURCHASE

The following terms and conditions shall govern the purchase, of all goods and services from Lifoam Industries, LLC (herein "Transaction[s]") unless expressly modified in writing, signed by Lifoam Industries, LLC (herein, "Seller"). "Buyer" shall be any purchaser of goods or services.

1) ACCEPTANCE OF CONTRACT: By engaging in any Transaction with Seller, Buyer confirms that it has read, reviewed and understands any order placed with Seller, and agrees that Buyer's order or request to purchase goods or services from Seller shall constitute Buyer's acceptance of these General Terms and Conditions only. All terms and conditions proposed by Buyer which are different from, inconsistent with, or in addition to those set forth herein are unacceptable to Seller, are expressly rejected by Seller, and shall not become a term or condition of the Transaction. Any modifications to these General Terms and Conditions can only be made in writing signed by a duly authorized representative of the Seller.

2) PRICES: Unless Seller otherwise agrees in writing, prices are F.O.B. point of shipping and do not include any federal, state and local taxes and duties now or hereafter enacted, applicable to the goods or to this transaction. Unless Seller otherwise agrees in writing to pay any such tax or duties, Seller shall set forth all applicable taxes and duties as separate items on invoices which shall be paid by Buyer, unless Seller furnishes Buyer with exemption certificates at the time of order.

3) TERMS OF PAYMENT: Seller will invoice Buyer for each delivery of goods on an order by order basis. Unless otherwise expressly provided or required by Seller, payment will be made by Buyer and received by Seller within thirty (30) days from the date of shipment. If payment is not made as provided in this Section, Buyer will pay Seller a late fee equal to one and one-half percent (1½%) per month of the invoiced amount when such payment is made; provided, that if such delinquency charge is not permitted by applicable law, then the late fee shall be payable at the highest rate Seller can legally collect. All amounts payable hereunder shall be paid by Buyer to Seller at Seller's address at "Lifoam Industries, LLC, P.O. Box 827116, Philadelphia, Pennsylvania, 19182-7116."

4) PACKING AND TRANSPORTATION: All risk of loss or damage to the goods following delivery to a common carrier for shipment to Buyer's shipping address shall be borne by Buyer. Unless otherwise specified in writing, Seller shall secure surface transportation, with reasonable care to be exercised in the packing of the goods for safe arrival at the ultimate destination and to comply with requirements of common carriers. Shipping memoranda, compliance documents or packing lists, if any, that accompany goods, and counts listed in such documents shall be conclusive. Bills of lading or shipping receipts shall be sent to Buyer on date of shipment. Shipments will not be insured unless a specific

request is made in writing by the Buyer directly to the Seller, in which case the Buyer shall bear the full cost of said insurance. The shipping or delivery date, if any, is Seller's best estimate of the time at which goods will be shipped, and Seller assumes no liability for any and all damages resulting from delays in delivery.

5) ACCEPTANCE: All goods shipped from Seller to Buyer shall be deemed accepted by Buyer unless written notice of rejection is issued to Seller within ten (10) days of receipt of such goods by Buyer. In the event that Buyer so rejects the goods and Seller agrees that the goods are deficient, Seller shall correct deficiencies as soon as possible, but in no event later than by the end of thirty (30) days from receipt of such written notice of rejection. If the deficiencies are not corrected within such thirty (30) day period, Buyer may request a refund of the purchase price of such rejected goods, such refund being due and payable to Buyer upon actual receipt by Seller of the rejected goods.

6) INSPECTION: Buyer shall have the right to inspect all products tendered for delivery. Any and all claims for defective or damaged goods, missing parts or accessories, or lack of operational instruction, must be made by Buyer in writing within ten (10) days after date of delivery. No claims made by Buyer beyond said period shall give Buyer any rights or remedies against Seller whatsoever, except as expressly provided under the warranties set forth herein. No goods may be returned by Buyer without Seller's prior written consent. Upon the receipt of said Seller authorization, items requiring repair or replacement should be sent with all costs, taxes and insurance prepaid to the factory, accompanied by a letter stating as completely as possible the defects and the conditions under which the reported defects occurred.

7) CHANGES: Changes to any Transaction order will not be considered effective until Seller has agreed in writing, concerning the effect of said changes on price, delivery or other terms and conditions of the order.

8) WARRANTY: Seller warrants that the goods shall, upon delivery, be new and unused and shall be substantially free from defects in materials, workmanship or design. If Seller repairs or replaces defective goods, then Buyer shall have no further claim against Seller based on breach of this warranty with respect to those particular defective goods. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WHICH WARRANTIES ARE HEREBY EXCLUDED. Seller shall bear all expenses in connections with returning goods to Seller for breach of warranty, and shall bear all risk of loss or damage for the goods while in transit. The warranty set forth in this Section extends only to the Buyer.

9) ALLOCATION OF RISK: Any risk associated with the goods covered hereby shall rest with Seller up to the time of

delivery of said goods to the carrier at the point of shipment. Thereafter, any and all such risk shall rest solely with Buyer.

10) BUYER'S DEFAULT; SELLER'S REMEDIES: In the event Buyer fails to pay any amount due hereunder on or before the date that is due and payable, and/or fails to observe, keep or perform any other term or condition required to be observed, kept or performed by Buyer, Seller shall deem such failure to be an event of default or breach of any Transaction order. Upon the occurrence of any events of default or breach, Seller shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever: (a) declare the entire amount due and unpaid by Buyer to be immediately due and payable, without notice or demand to Buyer; (b) sue for and recover all amounts due and unpaid, accrued or thereafter accruing; (c) exercise all rights and remedies extended to a secured party under applicable law; (d) pursue any and all other remedies available to Seller under these General Terms and Conditions, or at law or in equity, including remedies available under the Uniform Commercial Code. Pursuit of any of the foregoing remedies by Seller shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided at law or in equity, nor shall pursuit of any remedy herein provided constitute a waiver of Buyer's liability for the full performance of all obligations of Buyer hereunder. All remedies available to Seller hereunder or at law or in equity are cumulative, and may be exercised concurrently or separately.

11) TERMINATION; SURVIVAL: In the event of any breach of these General Terms and Conditions by either party, the non-breaching party shall have the right to terminate any Transaction order for cause if such breach has not been cured within thirty (30) days of written notice from the non-breaching party specifying such breach in detail. The foregoing termination right is separate from any termination provision set forth in any other agreement, if any, between Seller and Buyer, the termination of which shall not terminate with the order in question. The following Sections shall survive any termination of any order: 8, 12, 15, 16, 24, 25, 26, 27, and 28.

12) LIMITATION OF DAMAGES AND BUYER'S REMEDIES: Except for Breach of any Seller obligation or warranty as set forth in these General Terms and Conditions or damages arising out of willful misconduct, intentional misrepresentations or gross negligence of Seller, the exclusive remedies of Buyer hereunder shall be the repair or replacement, at Seller's option, of the defective product. UNDER NO CIRCUMSTANCES SHALL THE LIABILITY OF SELLER IN CONNECTION WITH AN ORDER, WHETHER IN CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHERWISE, EXCEED THE TOTAL AMOUNT OF FEES PAID BY BUYER TO SELLER IN THE IMMEDIATELY PRECEDING ONE (1) YEAR PERIOD FOR THE SPECIFIC

PRODUCT THAT DIRECTLY CAUSED THE LOSSES OR DAMAGES. WHETHER UNDER ITS WARRANTY, OR OTHERWISE, SELLER SHALL NOT BE LIABLE FOR SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES IN THE EVENT OF A COMMERCIAL LOSS.

13) FORCE MAJEURE: If the performance of a Transaction order by either party is delayed, curtailed, interrupted or prevented for reasons other than the party's own of willful misconduct, intentional misrepresentations or gross negligence, which are reasonably beyond such party's direct control, such as strikes, labor difficulties, lockouts, accidents, fires, explosions, inundations, volcanic activity, unavailability of raw materials, rebellion, revolution, blockade, earth quakes, embargo, acts of public enemies, acts of God, inability or delays in obtaining transportation, or any other cause, whether or not of the nature enumerated above, which is reasonably beyond the control of such party ("Force Majeure"), such party will be excused from the performance of its obligations under the order for so long as the Force Majeure event continues. The excused party's performance under the order will resume as soon as practicable after the Force Majeure event is remedied or removed. The party invoking the remedy provided in this Paragraph must give written notice to the other party within ten (10) days of the occurrence of the Force Majeure event, stating, insofar as known, the probable extent to which it will be unable to perform or be delayed in performing its obligations hereunder. The party giving such notice must exercise due diligence to eliminate or remedy the event of Force Majeure and must notify the other party when the Force Majeure event is remedied or removed. In the event that Seller invokes the remedy provided in this Section, Buyer may cancel any order and/or immediately seek alternative sources of supply without being in breach hereof and any such purchase shall be included within any Buyer volume commitments.

14) INFRINGEMENT: Seller warrants that the use or sale of the goods or services in any Transaction, delivered hereunder do not intentionally infringe any U.S. or foreign patent, copyright, trade secret, trademark or any other intellectual rights covering the goods or their method of manufacture or the services, and Seller, except as to infringement caused solely by reason of specifications provided by Buyer, agrees to indemnify Buyer, its customers, any party Buyer is required to indemnify or save harmless under Buyer's contract with its customer, and their respective officers, directors, employees, agents and assigns from and against all claims, actions, losses, expenses (including attorney's fees), damages or decrees resulting from such actual or alleged infringement. Seller shall defend, at its own expense, Buyer in any such action. Seller does not warrant against infringement by reason of the use of such goods and services in combination with other materials not provided by Seller or in the operation of any patented process unknown to Seller. Buyer shall indemnify and defend Seller in like manner and degree against any claims arising out of, or related to, directives, specifications, designs, or plans provided by Buyer to Seller for production, against any and all claims of infringement whatsoever.

15) TOOLING/MOLDS: Seller shall have no liability whatsoever for any damage, loss or destruction incurred in

either the transportation, storage or use of tooling, molds or equipment provided or paid for by Buyer or its agents, for use by Seller, absent clear proof of gross negligence by Seller with respect to the use maintenance or care of the tooling, equipment or molds.

16) CONFIDENTIALITY: Buyer, on behalf of itself, its employees and agents, agrees that any ideas, inventions, concepts, information or processes (collectively referred to as "information") acquired from Seller arising from performance of any Transaction are the property of Seller and shall be kept in confidence by Buyer and shall neither be disclosed nor used by Buyer except as is necessary for the proper performance of any order, unless the information is or becomes legally available to the general public. Buyer may disclose information to third persons to the extent required for proper performance of any order, but only under the same obligations relating to use and disclosure undertaken by Seller herein.

17) WAIVER: Failure of Seller to enforce any of the provision of these General terms and Conditions shall not constitute a waiver of such provisions or of the right of Seller to enforce such provisions at any time.

18) ASSIGNMENT: The rights and duties of this contract are not assignable or transferable by the Buyer without the Seller's written consent.

19) SEVERABILITY: The invalidity, illegality and unenforceability of any provision of these General Terms and Conditions shall in no way affect or impair the validity, legality or enforceability of the remaining provisions hereof.

20) USE OF LANGUAGE: Words of any gender used in these General Terms and Conditions shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

21) CAPTIONS: The captions or headings of paragraphs in these General Terms and Conditions are inserted for convenience only and shall not be considered in construing the provisions hereof if any question of intent should arise.

22) ENTIRE AGREEMENT: These General Terms and Conditions, together with the attachments, exhibits or supplements specifically referenced in any order, constitute the entire agreement between Buyer and Seller with respect to the matter contained herein and supersedes all prior agreements.

23) FAIR LABOR STANDARDS ACT: Seller represents that the materials covered hereby have been produced in compliance with the requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended.

24) UNIFORM COMMERCIAL CODE: These General Terms and Conditions shall be governed by and construed in accordance with the uniform commercial code as in effect in

the State of Maryland except as the provisions of such code are herein modified. Buyer hereby grants a security interest in all goods sold hereunder to secure payment in full amounts owed to Seller in respect of such goods. Buyer agrees to execute one or more financing statements in order for Seller to perfect such security interest. Buyer hereby authorizes Seller to file any such statement on its behalf. This contract shall constitute a Security Agreement to the Seller both in accordance with the Uniform Commercial Code of every jurisdiction wherein such Code is in effect, and may be so used by the Seller without, in any way, abrogating, restricting or limiting the rights of any party under these General Terms and Conditions or at law or equity.

25) JURISDICTION: Any suit involving any dispute or matter arising under any Transaction order, course of conduct or contract shall be brought in the United States District Court for the District of Maryland or any Maryland state court having jurisdiction over the subject matter of the dispute or matter. Buyer consents to the jurisdiction of any court of general jurisdiction of the State of Maryland and, if subject matter jurisdiction exists, to the jurisdiction of (and venue in) the United States District Court for the District of Maryland. Buyer acknowledges that the provisions of this Section are an essential element of the order, and the Buyer expressly waives any objection or defense thereto or to the enforcement thereof, including but not limited to any claim based on the doctrine of forum non conveniens.

26) WAIVER OF JURY TRIAL: Buyer and Seller hereby voluntarily and intentionally waive any right they may have to a trial by jury in any action, proceeding, or litigation directly or indirectly arising out of, under, or in connection with any Transaction.

27) ATTORNEY'S FEES: If, on account of breach or default by Buyer of their respective obligations under these General Terms and Conditions it shall become necessary for the Seller to employ an attorney to enforce or defend any of its rights or remedies hereunder, Seller shall be entitled to attorneys' fees, equal to twenty percent (20%) of all sums then owing hereunder, in addition to all other costs and expenses allowed by law. If payment of the invoiced amount is not made as provided in Section 3, the Buyer hereby authorizes any attorney designated by the Seller or any clerk of any court of record to appear for the Buyer in any court of record and confess judgment against the Buyer without prior hearing, in favor of the Seller for and in the amount of the unpaid balance of the invoiced amount plus interest accrued and unpaid thereon, together with costs of suit and attorneys' fees.

28) NOTICES: All notices relating hereto will either be delivered in person to an officer of Buyer or Seller, or be sent via certified mail to Buyer or Seller at its respective address shown on the face hereof or at any later address last known to the sender.

29) COMMUNICATIONS: Any questions pertaining to any Transaction or these General Terms and Conditions should be directed to Lifoam Industries, LLC, by writing to 235 Schilling Circle, Suite 111, Hunt Valley, Maryland 21031.