

Terms & Conditions and Policies & Guidelines

For All Manufactured Products and Services

O'Sullivan Films, as a manufacturer of calendered premium quality film for various applications, has developed the following Terms & Conditions and Policies & Guidelines related to the production and shipment of its Film Products.

ACCEPTANCE OF ORDER

O'Sullivan Films' acceptance of an order is conditional on the Buyer's agreement to the Terms and Conditions included herein. Upon receiving an acknowledgement of the order from O'Sullivan Films, the Buyer has five days to object in writing to O'Sullivan Films' Terms & Conditions and Policies & Guidelines, otherwise O'Sullivan Films will rely upon these Terms & Conditions and the quotation letter when completing the Buyer's order.

LIMITED OFFER

O'Sullivan Films offers to sell its products only on the terms and conditions included in our quotation letter as well as the Terms & Conditions herein. O'Sullivan Films' offer, and the Buyer's acceptance of it, is expressly limited to the quotation letter and the Terms & Conditions and Policies & Guidelines in this document. O'Sullivan Films rejects any attempt to include different terms or conditions in the Buyer's acceptance of any offer. Any resulting agreement is limited to O'Sullivan Films' terms and conditions and the O'Sullivan Films Quotation letter regardless of the Buyer's inclusion of any different or additional terms in their Purchase Order, or elsewhere.

In addition, O'Sullivan Films reserves the right to review and modify these terms. If, in the seller's judgement, the financial condition of the purchaser does not justify the credit terms specified, the seller reserves the right to change these terms or require full or partial payment in advance. Note: credit term period begins with date on invoice shipped and concludes with receipt date of funds in bank lock box, unless otherwise negotiated.

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Policies & Guidelines for Production & Shipment

For All Manufactured Products and Services

I Production

Production Minimum Order Quantity

A minimum of 5,000 pounds must be mixed in order to insure production of good film product.

The production minimum order quantity will be in the quotation letter. Minimum run orders have a yield allowance of +/- 10%.

Less than minimum order quantities are available with a surcharge. Regardless of yield, less than minimum order runs are considered complete upon manufacture and all material (short or over) will be shipped.

Production Lead-time

The production lead-time for film product is **six weeks**.

Once final production process sequences and specifications are established, a true manufacturing production lead-time can be determined. If this resulting lead time is different than six weeks it will be communicated to the customer.

For foam laminated products and other products with unique raw materials, the production lead-time may be longer because it must also include the foam / unique raw material procurement lead-time.

Exceptions / Lead-time Compression:

When an order is placed by a customer without sufficient lead-time, attempts will be made to break into the normal manufacturing sequence to expedite the order. If the order can be produced, Break-In and Insert fees will apply.

When an order is placed by a customer without sufficient raw material procurement lead-time, efforts will be made to expedite delivery of the raw material. Raw material supplier expediting costs and other fees will apply.

Production High Fabrication Quantity Authorization

At no time will a High Fabrication Quantity Authorization be less than **four weeks** of customer demand or less than the O'Sullivan Films Minimum Order Quantity.

Production Raw Material Quantity Authorization

At no time will a Raw Material Quantity Authorization be less than **six weeks** of customer demand or less than the O'Sullivan Films Minimum Purchase Quantity.

Production Order Information (Releases)

The preferred method for receiving production orders is by EDI (Electronic Data Interchange – Transaction Set 830).

Production order information can also be received by telephone, by e-mail, by fax, and by mail. Due to the additional order entry time these methods require, extra fees may apply.

Production order information can also be retrieved from Customer Web sites. Due to the additional time this process requires, extra fees will apply.

If within the stated lead time, release quantities cannot be decreased once the material has been manufactured for a previous release. The Buyer is also responsible for accepting shipment on the previously stated ship date.

Order Cancellation

O'Sullivan Films reserves the right to terminate its obligation to supply all or part of a purchase order upon sixty days written notice to the Buyer. In this case the Buyer is responsible for accepting all finished goods inventory, and paying for materials in process, and all raw materials purchased for a product family / program.

O'Sullivan Films reserves the right to discontinue supply and cancel any open balance on the purchase order if the Buyer fails to meet the agreed payment terms.

II Shipment

Shipment Order Information (Releases)

The preferred method for receiving shipment orders is by EDI (Electronic Data Interchange – Transaction Set 862).

Shipment order information can also be received by telephone, e-mail, and fax as well (regular mail is not timely). Due to the additional time this process requires, extra fees may apply.

Shipment order information can also be retrieved from Customer Web sites. Due to the additional time this process requires extra fees will apply.

For customers who practice JIT or who order more than one truckload of film product during the week, more detailed shipment order information is required showing demand by product by day of the week.

Shipment Order Information Lead-Time & Fees

All non EDI shipment requirement data must be received by O'Sullivan Films by 4PM the business day (M-F) prior to the date of shipment.

862 EDI transaction data and Web Based data can be received on the day of shipment, as long as the information is available to O'Sullivan Films at least three hours prior to shipment departure time.

If the shipment requirement information is late (after 4PM the day prior for non EDI or less than three hours prior to time of shipment for EDI or Internet web site information) shipping fees will apply.

Shipment Quantities (Allowances) & Anomalies

Preferred practice is for customers to order only in full skid quantities as expressed in customer units (yards, meters, blanks or sheets). If a customer requires a partial skid, fees will apply.

Under & Over Shipment

Attempts will always be made to ship the desired order quantity. If a serious shortage or overage arises, due to the roll length variability, the customer will always be contacted

Quantity Ordered Exceeds Truck Capacity

At times the total amount of skids of product ordered by a customer will not fit on a single truck. The customer will always be contacted when this happens.

III Fees & Fee Schedules

Appropriate fees will apply for expediting the procurement of raw materials, scheduling overtime specific to a product, breaking into manufacturing production schedules, breaking down finished skids to partial quantities, and last minute changes to total shipment quantities of products at the request of the customer. (See Additional Sales Terms & Conditions and Fee Schedules).

Sample Orders & Service Order Policy

For All Manufactured Products and Services

Samples provide production material for customers to test equipment, make prototype parts, or make pre-production parts for approval submission and testing. Samples also provide production material for engineering changes such as width, gauge, coating, and color.

It is rare that O'Sullivan Films would have the exact test or prototype product a customer desires in stock, therefore 'sample' material must be manufactured.

I Sample Orders

There are two major activities that require samples: Initial Product Development and Engineering Changes.

Price quotes and timing will be provided for each individual sample with a customer Purchase Order (PO) required to initiate sample production activity.

Examples of Engineering Change Samples include:

Cost Saving

- width reduction,
- gauge reduction,
- foam or backing change,
- coating change, etc.

Product Improvement

- gauge increases,
- foam or backing change,
- coating enhancements, etc.

After initial product approval, all samples supporting customer engineering changes are outside the scope of planned operating expenses. Therefore, these engineering change samples will require price negotiation.

Note: For some markets, a maximum of three color match samples will be provided on a single purchase order. After three color match attempts, a new purchase order will be required.

II Sample Order Lead-time

The lead-time for all samples is **six weeks** (but can be longer) from receipt of customer order.

Longer lead-time will be needed if a sample requires a "unique" construction. As soon as this unique situation is known, the customer will be notified and presented a specific lead-time.

There are also occasions when samples can be provided in less than the six weeks lead-time (see Expected Lead-time table below). However, it is best practice to order sample material a full six weeks prior to expecting delivery of the sample product.

Expected Lead-time

Construction Required	Expected Lead-time (Weeks)
Calender Film Production Required	6 or more
Take from Inventory & Minor change	2 to 6
Take from Inventory (No Change)	1 to 2

III Sample Lead-time Compression & Fees

At times, sample order lead-time can be compressed by expediting the procurement of raw materials and by breaking into manufacturing production schedules.

Appropriate expediting and break in fees will apply and these costs and resulting compressed timing will be provided to the customer.

IV Service Orders

Service orders are required when O'Sullivan Films production material is needed by customers to support requirements for inactive or past model products. Service orders tend to be infrequent, generally requesting minimal quantities, and often require special activities and monitoring to insure the product is made correctly.

There are times when the equipment, or the specific manufacturing process, or a raw material used to make the original production material is no longer available. This requires O'Sullivan Films to use available equipment, or utilize current manufacturing processes, or substitute raw materials to best duplicate the original film product.

A price quote, minimum order quantity, and timing will be provided for each individual service order with a customer Purchase Order (PO) required to initiate service material production activity.

V Service Order Lead-time & Quantity

The lead-time for all service orders is **six weeks** (but can be longer) from receipt of customer order.

When the quantity of service material desired by the customer is less than the minimum production run quantity or minimum raw material purchase quantity, the customer will be notified and pricing and order quantity will need to be negotiated.

VI Service Orders and Lead-time Compression & Fees

O'Sullivan Films will support service part orders for **three years** after balance out, with the price to be determined at the time of each service order. Note that Set-Up charges may apply. Not until all obsolescence claims have been settled, will any service parts be manufactured. During the three year service order agreement, if any raw material becomes unavailable, O'Sullivan Films will notify the Buyer of such conditions.

At times, service order lead-time can be compressed by expediting the procurement of raw materials and by breaking into manufacturing production schedules. Appropriate expediting and break in fees will apply and these costs and resulting compressed timing will be provided to the customer.

Technical Services Policy & Fees

For All Manufactured Products and Services

O'Sullivan Films process technicians are available to work with customers, at their plants and at prototype facilities, to assist with the processing of O'Sullivan Films products.

I Billable and Non-Billable Technical Service

Non-Billable Technical Service

All Technical Service provided to support development samples and original color match samples is defined as Non-Billable Technical Service and is free to the customer.

Billable Technical Service

After initial product approval, all Technical Service supporting customer engineering changes or process changes is defined as Billable Technical Service.

Price quotes and timing will be provided for all billable Technical Service. A customer Purchase Order (PO) is required to initiate Billable Technical Service activity.

II Lead-time

The lead-time to schedule Technical Service activity is **two weeks**.

O'Sullivan Films maintains a limited number of technicians servicing multiple accounts. Proper planning will ensure a technician's availability at a minimum cost incurred for travel.

Emergency Coverage, defined as less than two week's lead-time notice, will be available at a 20% premium.

III Purchase Orders & Reports

Purchase Orders

Purchase orders are required for Technical Service activities. Purchase orders may be phoned in or faxed to our Technical Services Department and confirmed with a written purchase order.

Telephone: 540-667-6666, Ext. 485
Fax: 540-678-5565

Service Call and Trip Report

Technical service personnel will record their time spent on the service call. Upon completion of the service call, the time spent will be verified and signed by an authorized employee of the customer's company. A copy of the written Trip Report will be available upon request.

IV Holdover (Unplanned Event)

There are times when unplanned customer events result in a O'Sullivan Films technician being detained at a customer site. In these cases, Holdover Fees will apply.

For example: When an O'Sullivan Films technician has traveled to, and is available at, the customer site for service purposes, yet is instructed by the customer that he/she will not be able to perform the work required on the service call for reasons stated by the customer and must be held over on a weekend or regular workday, the customer will have the choice of being invoiced for the following:

- actual travel expenses for the employee to return home, and return to the customer site if necessary, or,
- the minimum daily charge for the days the service person is held over.

V Technical Service Fees

Service Rates and Conditions

Service rates vary by day of week (M-F rate, Saturday rate, and Sunday & Holiday rate) as well as by type of service (Technician or Consultant). Rates for meals, travel, lodging, and holdover hours have also been established.

A current Technical Services Rates schedule is available upon request.

Fees and Additional Sales Terms & Conditions

For All Manufactured Products and Services

Expediting the procurement of raw materials, breaking into manufacturing production schedules, and last minute changes to shipment quantities of products are all costly, unplanned, exceptional events. When these exceptional events are at the request of the customer, appropriate fees will be charged. Good communication between O'Sullivan Films and its customers will minimize or even eliminate the need for and use of these fees.

I Production Fees

Production Fees:

Insert / Break-In fees depend upon whether product must be started from the very beginning process (calendering), or if some work-in-process exists and only one or more finishing operations are required. Also to be considered is whether the inserted order will have a dramatic impact on the overall production schedule(s), and may even jeopardize or prevent other orders from shipping on time.

Inserts:

Some orders, where similar products with like tooling are already running on the machines, can be inserted and require only administrative support and adjustment to the production schedule(s).

Break Ins:

Orders, where an incompatible polymer is currently running utilizing different tooling, require more than administrative support and adjustment to the production schedule(s). They require breaking into the manufacturing process and incurring costs related to:

- stopping the machine(s) for tooling / compound / construction changes,
- complete cleaning of the machine(s),
- running the inserted order,
- follow-up cleaning of machine(s) after the run, and
- a change back to the original scheduled product.

Production Fee Schedule

The minimum fee to insert into on any production schedule is \$250. Break-in fees are substantially higher. A current Production Fee Schedule is available upon request.

Fees Accumulation:

When an order inserts / breaks-in to multiple operations, then the fees will accumulate. For example, if an order must break in on the Calender, the Laminator, and be inserted on the Paintline – the two break-in fees and one insert fee would be added together.

Resultant Late Shipments:

When insertions or break-ins for one customer, result in O'Sullivan Films incurring premium freight costs to supply another customer, the customer responsible for the break-in will be responsible for the premium freight.

II Shipment Fees

Shipment Fees:

Shipment fees only apply when customers make a late change to a shipment order forcing the shipping function to work non-standard hours (after hours or on weekends or holidays).

Late Changes to Shipment Orders:

- Add or remove skid(s) from order – \$75 per skid will be charged.
- Change in order after paper work has been generated (i.e. truck staged or loaded) a \$250 administrative fee for canceling paperwork and adjusting the associated ASN EDI files will be charged.
- Note: The total late change fees will not exceed \$1,500 per shipment.

Non-Standard Hour Shipping & Receiving:

- For after hour's shipments a \$250 administrative fee will be charged as well as \$125 per hour worked to pick and load the shipment.
 - Note: there is a 1-hour minimum time requirement for after hour's shipments equaling \$125.

- For weekend or holiday shipments a \$250 administrative fee will be charged as well as \$250 per hour worked to pick and load the shipment.
 - Note: there is a 4 hour minimum call in time requirement for weekends and holidays equaling \$1,000.

III Raw Material Fees

Raw Material Fees:

Where orders are moved up at a customer's request, additional raw material costs can be incurred. These costs include raw material suppliers' insertion and set-up fees. These incremental costs are the responsibility of the customer requesting a schedule change.

Customers will be presented with documentation outlining the costs. Prior to shipment of finished product a discreet Purchase Order must be placed with O'Sullivan Films addressing the raw material fees.

- These fees may also include the costs of expedited freight to receive raw material in accordance with the customer's revised schedule.
- Where Receiving is required to facilitate expedited or changed orders and extended hours are required, the fee schedule will be the same as that outlined in the "Non-Standard Hour Shipping & Receiving" section above.

IV Fee Worksheet

The O'Sullivan Films Fee Worksheet (PP Form # 029) is the mechanism to determine all appropriate fees to the customer. This worksheet requires customer order specifics and Purchase Order information prior to O'Sullivan Films performing an activity or providing a service.

V Other Guidelines and Additional Terms & Conditions

Special Labels

O'Sullivan Films adheres to the standards outlined in the AIAG protocol. These provide for customer identification of their product and all necessary documentation and traceability of supplied films. If custom labels are required by the customer, a surcharge of \$ 0.05 per lb. will be added to all

quoted pricing for costs of programming and special label set-ups.

Inspection

Extra inspection is not a normal activity. If the customer requires inspection (such as GP-12) a minimum 8% surcharge of the product sales price will be charged. O'Sullivan Films will require a Purchase Order for this inspection activity.

Obsolescence

If material has not been dispositioned by the end of **ninety days**, the Buyer will be invoiced and the material will be shipped to a mutually agreed location. Costs relating to the disposal of obsolete materials will be the responsibility of the Buyer.

Proprietary Rights

O'Sullivan Films reserves the right to keep any and all technical, trade secret, patents and costing information proprietary.

Warranty and Limitations

O'Sullivan Films warrants that its products are free from defects in material and workmanship and are in compliance with the agreed to written specifications, if any, O'Sullivan Films has supplied for the products. O'Sullivan Films' obligation under this warranty, at its option, is replacing, repairing or issuing credit for the amount paid for the products. O'Sullivan Films will have a minimum of 30 days to resolve any significant quality dispute. O'Sullivan Films disclaims any warranty of its products, expressed or implied, except as specifically set forth in this paragraph including, but not limited to, the warranties of merchantability and fitness for a particular purpose. No other statement, description or promise of any kind constitutes a warranty. Under no circumstances will O'Sullivan Films be liable for any damages or loss (including, without limitation, direct, consequential, economic, indirect and other damages, loss of production or down time) under any theory of liability, except for replacing, repairing or issuing credit for the products.