

Advanced Polymerics Inc.

Terms and Conditions of Sale

1. SCOPE: As used herein, "Advanced Polymerics Inc." (API) means Advanced Polymerics Inc. incorporated in Salem New Hampshire, USA; "Buyer" means the purchaser of Products from API and "Products" means any and all goods sold by API to Buyer. Unless a detailed product sales agreement is in place between API and Buyer covering the sale of the Products, all Products sold or otherwise provided by API are sold or provided exclusively on the basis of these Terms and Conditions of Sale. No differing or supplemental terms or conditions shall be applicable unless expressly agreed to by API in writing.

2. OFFER / ACCEPTANCE: A quotation from API does not constitute an offer but an invitation to Buyer to make an offer. In all cases Buyer's offer shall be deemed based on these Terms and Conditions of Sale. An agreement comes into effect only when API accepts Buyer's offer to purchase.

3. DELIVERY / TRANSFER OF RISK: Delivery terms shall be interpreted in accordance with the latest INCOTERMS valid at the date the order is accepted. Unless otherwise agreed to by API in writing the delivery term is EXW and risk of loss in the Products will transfer to Buyer upon tender of the Products to Buyer or the carrier at API's shipping facility. Buyer shall be responsible for all storage and other costs relating to Buyer's failure to accept delivery pursuant hereto. The method and agency of transportation, unless otherwise agreed to in writing, may be selected by API and API reserves the right to ship collect. API shall pack, mark and prepare the materials for shipment in a manner which will protect from damage or deterioration, comply with carrier regulations and otherwise conform to Buyer's instructions, where reasonable. API's receipt from the chosen carrier shall be conclusive evidence of delivery and the amount delivered. Shipping and delivery dates are approximate and are given by API in good faith, but are not guaranteed unless otherwise specifically agreed in writing.

4. QUANTITY VARIATIONS: Buyer will pay for the quantity delivered and may not reasonably reject any delivery of Product on the grounds of variation of quantity, where such variation is not more than +/- 10% of the quantity ordered by Buyer. Where Product is available in more than one pack size, API will endeavor to provide pack sizes specified by Buyer but reserves the right to substitute an alternate pack size, bearing in-mind the quantity variation above.

5. RETURNS: No Products may be returned for any reason without API's written authorization. Tinted product and special orders may not be returned at any time.

If API authorizes a return, Buyer must return the Products in clean, resalable condition. If returned for reasons other than API's error in filling Buyer's order, the Buyer will receive a credit in the amount of the billed price of the Products returned less 20% for handling, if returned within 90 days of the invoice date. Amount of credit for materials returned after 90 days has elapsed, is subject to negotiation between Buyer and API. Products returned to API are to be shipped by the Buyer DDP API's designated facility or agent.

6. PRICE AND PAYMENT: Unless otherwise agreed by the Parties, the price for the Products will be the price quoted by API in writing. Payments may be made by check, wire transfer, Buyer's Corporate Purchasing Card, or other means mutually agreed upon from time to time. All prices quoted by API are exclusive of added sales taxes and any other tax or duty that may apply in respect of the Products. API will issue invoices to Buyer for all Products sold to Buyer. Buyer shall pay these invoice amounts in full

and in advance unless Buyer has agreed credit terms in advance and in writing. Unless otherwise indicated, Buyer with pre-agreed credit terms will pay these invoices within thirty (30) days from the invoice date in US\$ or in the currency indicated on the invoice at the address of API indicated on the invoice. Any amounts not paid in accordance with invoiced terms shall bear interest at a rate of two percent (2%) per month or, if less, the highest rate permitted by applicable law. Buyer may not withhold payment of any amount due to API because of any set-off, claim, counter-claim, abatement or similar deduction. Upon demand Buyer will immediately reimburse API for any and all additional costs including fees for collection agencies and attorneys incurred or expended by API to collect any amounts due from Buyer.

7. SMALL ORDER QUANTITIES: API reserves the right to charge an additional fee, over and above the selling price for handling small orders. The small order surcharge can be changed without notice and will be indicated on the API price list, current at the time Buyer places an order.

8. RETENTION OF TITLE: API retains a security interest in all Products delivered to Buyer to secure payment in full of all amounts due to API and Buyer shall, upon API's request, execute such documentation as API deems necessary to perfect or maintain its security interest in the Products. Title to the Products passes to Buyer at the time risk of loss passes to Buyer. Buyer may sell the Products in the ordinary course of its business, but may not pledge, mortgage or otherwise encumber the Products prior to payment in full of the purchase price.

9. WARRANTY / BUYER'S RIGHTS: API warrants to Buyer that at the time of transfer of risk of loss the Products conform to API's standard Product specifications or such other specifications as API and Buyer have expressly agreed to in writing (the "Specifications"). THIS WARRANTY IS THE SOLE WARRANTY GIVEN BY API. API MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE PRODUCTS, THE APPLICATION OR USE THEREOF, OR OTHERWISE, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, EACH OF WHICH IS SPECIFICALLY DISCLAIMED.

In the event Products do not comply with the foregoing warranty, API will, at its option, replace such Products or refund the Price of the Products and, having done so, will have no further liability. Buyer must notify API of any claim that Products do not comply with the foregoing warranty within seven (7) Calendar days after Buyer becomes aware of such claim but in no event later than thirty (30) days after delivery of the Product to Buyer. Buyer's failure to notify API of any such claim within the time set out in the preceding sentence will constitute a waiver by Buyer of such claim. API makes no warranty of any kind with respect to any services provided to Buyer and shall have no liability with respect to such services. Seller's Warranty does not apply to any Products identified as obsolete, substandard, or past the recommended shelf-life, which are sold "AS IS, WHERE IS." Seller's Warranty does not apply to any products described as samples or test samples.

10. LIMITATION OF LIABILITY: API will not be liable for any loss or damage caused by Buyer's failure to exercise effective quality control or the failure to store, use or otherwise handle the Products as advised or in accordance with instructions provided by API in their data sheets, website or industry standards. API WILL NOT BE LIABLE TO BUYER, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY LOSS OF PROFIT, LOSS OF BUSINESS, DIMINUTION IN VALUE, OR DEPLETION OF GOODWILL OR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL LOSS OR DAMAGE. API'S AGGREGATE LIABILITY TO BUYER IN RESPECT OF ALL

LOSSES ARISING UNDER OR IN CONNECTION WITH THE SUPPLY OF PRODUCTS WILL IN NO WAY EXCEED THE PRICE OF THE PRODUCTS PURCHASED. Nothing in this section will limit or exclude API's liability for any matter in respect of which it is unlawful for API to exclude or restrict its liability.

11. HEALTH & SAFETY OF WORKERS: Buyer expressly assumes all liability resulting from, or in any way connected with, the possession, handling and/or use by its employees, agents, or clients of the Products. Buyer hereby agrees to indemnify, defend and hold API and its affiliates harmless from all claims, judgments, losses or expenses and any costs (including, but not limited to court costs and attorney's fees) in any way related to Buyer's or its subcontractor's failure to comply with any of the foregoing.

12. FORCE MAJEURE: API will not be liable in any respect for failure to perform its obligations if hindered or prevented, directly or indirectly by war (declared or undeclared), national emergency, inadequate transportation facilities, machinery or equipment failure, API's inability to secure materials, supplies, fuel or power for the manufacture of Product on terms and conditions that are acceptable to API, fire, flood, windstorm or other act of God, strike, lockout or other labor dispute, order or act of any government, whether foreign, national or local, whether valid or invalid, or any other cause of like or different kind beyond the reasonable control of API (each a "Force Majeure"). API shall have no obligation to procure any Products from other sources and may allocate its available supply of Products among customers, buyers, distributors and resellers on whatever basis API may deem fair and practical. In the event that the duration of a Force Majeure exceeds thirty (30) days or is reasonably expected to exceed 30 days, API is entitled to withdraw from any obligation it may have to supply the Products to Buyer without the Buyer having any right to compensation.

13. EXPORT CONTROL: Buyer will not sell, export, re-export, license, transmit, divert or otherwise transfer, directly or indirectly, any Product or any information or technology related to the Product except in accordance with applicable laws and regulations, including without limitation applicable UN, US and EU export control laws and regulations and the laws and regulations of the country where Buyer is resident. Buyer acknowledges that it will (i) take all steps necessary to comply with the above laws and regulations, including obtaining export and other licenses if necessary and (ii) not take any actions that would cause API or their affiliates, to be in violation of the above laws.

14. TERMINATION: An agreement with Buyer to deliver Products on the basis of these Terms and Conditions will not oblige API for the future to accept further orders. API will at all times be entitled to end the relationship. Such termination will never entitle Buyer to compensation.

15. LAW AND DISPUTE RESOLUTION: These Terms and Conditions and all disputes between API and Buyer are governed by the laws of the State of New Hampshire. Any dispute between API and Buyer that the parties are unable to resolve by agreement will be resolved exclusively in the courts having jurisdiction over the subject matter of the dispute located in New Hampshire. Each party consents and agrees to the jurisdiction and venue of such courts.

17. NOTICE: All notices, request, demands or other communications to or upon API shall be made in writing to the following address: Advanced Polymerics Inc., 10-12 Delaware Drive, Salem, New Hampshire, USA.