

Hexion Inc.

Terms and Conditions of Purchase

These Terms and Conditions of Purchase ("Terms and Conditions") govern purchases by ("Purchaser") from the seller or provider ("Contractor") of both goods ("Material") and on-site services ("Services"). Part I - General applies to purchases of both Material and Services and Part II - Services on Site applies only to Services performed on site.

If there is any conflict between the terms specified on the face of Purchaser's Purchase Order ("Order") and any of these Terms and Conditions, the terms specified on the face of the Order shall control.

In these Terms and Conditions Purchaser shall mean either Hexion Inc. or Hexion Canada Inc. as named on the face of this Order.

Part I - General

1. Governing Terms. Purchaser's agreement to purchase Material or Services is expressly conditioned upon Contractor's acceptance of these Terms and Conditions and Purchaser hereby expressly rejects any terms and conditions set forth in Contractor's invoice, acknowledgement, or other document which differ from these Terms and Conditions and which are not expressly agreed to in writing by Purchaser. Contractor's acceptance of these Terms and Conditions will be conclusively presumed by Contractor's shipment of all or part of the Material to Purchaser or commencement of the Services.

2. Prices. Prices shown on the face of this Order shall remain firm through the completion of this Order unless otherwise indicated on the face of the Order. Contractor shall pay all taxes and other governmental charges associated with this Order.

3. Cancellation. Purchaser reserves the right to cancel this Order, or any part thereof, at any time, without cause, by written notice to Contractor. In such event, Purchaser shall pay for all Material or Services delivered, completed, and accepted by Purchaser. Upon receipt of notice of cancellation, Contractor shall immediately discontinue all work in process and immediately cancel all orders or subcontracts entered into pursuant to this Order.

4. Change Notices. The quality, quantity, or nature of the Materials to be delivered or of the Services to be performed shall not be changed except by written approval or notice from Purchaser.

5. Inspection. All Material delivered or Services performed by Contractor under this Order shall be the best of their respective kind. Purchaser may inspect the Material at any time prior to or upon delivery by Contractor or the Services at any time upon performance by Contractor, provided that neither Purchaser's inspection nor failure to inspect the Material or Services shall relieve Contractor of any obligation or liability hereunder. Material or Services rejected by Purchaser will be held by Purchaser for a limited period of time pending Contractor's disposition. No acceptance or payment by Purchaser for any Material or Services shall constitute a waiver of the

foregoing and nothing herein shall exclude or limit any of Contractors warranties, express or implied. Transportation and handling charges for replacement or return of defective Material and expenses incurred to rectify deficient Services shall be for Contractors account.

6. Warranty. Contractor warrants that it shall convey to Purchaser good and marketable title to the Material and Services, free and clear of all liens and encumbrances. Contractor also warrants that the Material and Services will be (i) merchantable and free from defects in design, workmanship and materials, (ii) fit for the use for which they are intended and to which they are normally put and for any special uses known by Contractor to be contemplated by Purchaser, (iii) in compliance with applicable Purchaser and Contractor specifications and (iv) performed, produced, manufactured, packaged, labeled, and transported in compliance with , and meet the standards of, all applicable federal, state, provincial, and local laws, rules, and regulations. Without limitation, Contractor shall replace or repair, without cost to Purchaser, any defective Material or Service if claim is made within eighteen (18) months from receipt or mechanical completion or twelve (12) months from installation or startup. Alternately, Purchaser may remedy defects in Services performed and Contractor shall reimburse Purchaser for such costs.

7. Indemnity. CONTRACTOR SHALL INDEMNIFY AND HOLD HARMLESS PURCHASER, ITS DIRECTORS, OFFICERS, EMPLOYEES, AND REPRESENTATIVES (EACH AN "INDEMNIFIED PARTY") FROM AND AGAINST ANY LOSS OR LIABILITY, INCLUDING REASONABLE ATTORNEY FEES AND LEGAL EXPENSES, ARISING OUT OF ANY CLAIM OR CAUSE OF ACTION FOR LOSS OF OR DAMAGE TO PROPERTY OR INJURIES TO OR DEATH OF PERSONS TO THE EXTENT DIRECTLY OR INDIRECTLY CAUSED BY, RESULTING FROM, OR GROWING OUT OF THE FURNISHING OF MATERIAL OR SERVICES BY CONTRACTOR OR ANY OF ITS SUBCONTRACTORS OR SUPPLIERS AND CONTRACTOR SHALL DEFEND EACH INDEMNIFIED PARTY AT CONTRACTOR'S SOLE EXPENSE IN ANY LITIGATION, LEGAL ACTION OR PROCEEDING IN CONNECTION THEREWITH. THIS INDEMNITY OBLIGATION SHALL SURVIVE COMPLETION, TERMINATION OR CANCELLATION OF PURCHASER'S ORDER, IN WHOLE OR IN PART.

8. Infringement. Contractor shall indemnify, defend, and hold Purchaser harmless against all claims, suits, liability and expense arising out of alleged infringement of any patent, copyright or trademark, resulting from or arising in connection with the manufacture, sale, normal use or other normal disposition of the Material furnished hereunder or the performance of Services performed hereunder. Purchaser may participate in the defense of any claim or suit arising hereunder without relieving Contractor of any obligation or liability hereunder and Contractor will not enter into a settlement or other agreement that includes or imputes an admission of liability by Purchaser without Purchaser's prior written consent.

9. Limitation of Liability. IN NO EVENT WILL PURCHASER BE LIABLE FOR ANY LOST REVENUES, LOST PROFITS, INCIDENTAL,

INDIRECT, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES.

10. Setoff. Any indebtedness of Contractor to Purchaser may be credited against amounts owed by Purchaser to Contractor.

11. Confidentiality. This Order and all data and other information obtained by Contractor from Purchaser in connection with this Order shall be held in strict confidence by Contractor and used solely for the purposes intended in connection with this Order.

12. Promptness. Time is of the essence for the performance of Contractors obligations.

13. Default. If Contractor, or any authorized subcontractor, breaches any provision hereof, or becomes insolvent, enters bankruptcy, receivership, or other like proceeding (voluntary or involuntary), or makes an assignment for the benefit of creditors, Purchaser shall have the right, in addition to any other rights it may have hereunder or by law, to immediately terminate this Order by giving Contractor written notice, whereupon Purchaser shall be relieved of all further obligations hereunder except to make timely payment for Material delivered prior to the date of termination.

14. Assignment. Contractor shall not assign this Order in whole in part nor shall Contractor subcontract any part of this Order without Purchaser's prior written consent.

15. Compliance with Laws. Contractor shall comply fully with all applicable legal requirements and, if requested, shall furnish evidence satisfactory to Purchaser of such compliance.

16. Law. This Order shall be construed in accordance with the laws of the State of Ohio without application of its conflict of laws provisions.

17. C-TPAT. Purchaser is a member of C-TPAT (US Customs Trade Partnership Against Terrorism). Its supply chain security policy is intended to minimize the risk of unauthorized tampering with the integrity of shipments throughout the Purchaser global supply chain. The supply chain begins with the foreign provider of goods to be imported into the United States and ends with the first Purchaser site or business partner to receive the goods. Suppliers to Purchaser of goods imported into the United States agree that they must meet C-TPAT standards of security.

Container integrity must be maintained to protect against the introduction of unauthorized material and/or personnel. Containers must be stored in a secure area to prevent access to and/or manipulation of containers or their contents. Written procedures must be in place to verify the physical integrity of the container structure prior to filling to include the reliability of the locking mechanisms. At the location of filling, written procedures must be in place to control the handling and affixing of seals. A high security mechanical seal

must be affixed to all loaded sea containers bound for the United States. All seals must meet or exceed the current PAS ISO 17712 standards for high security mechanical seals.

Suppliers to Purchaser must use C-TPAT certified carriers or carriers who can demonstrate their ability to meet C-TPAT security criteria.

18. Discrimination. During the performance of this Order, the Contractor agrees to comply with all applicable Federal, State, and Local laws respecting discrimination in employment and non-segregation of facilities including, but not limited to, requirements set out at 41 CFR 60-1.4, 60-250.4 and 60-741.4, which equal opportunity clauses are hereby incorporated by reference.

Part II Services on Site

CONTRACTOR HAS BEEN ADVISED BY PURCHASER AND ACKNOWLEDGES THAT FLAMMABLE OR HAZARDOUS MATERIALS MAY BE PRESENT IN EQUIPMENT AND WORK AREAS INVOLVED IN PERFORMANCE OF THE SERVICES. CONTRACTOR AGREES TO EXERCISE EXTREME CARE AND CAUTION IN PERFORMANCE OF SUCH SERVICES.

19. Performance. Contractor shall perform all work diligently, carefully and in a good and workmanlike manner; shall furnish all labor, supervision, machinery, equipment, services and supplies necessary therefore; shall obtain, maintain, and pay for all building and other permits and licenses required by public authorities in connection with performance of the Services, and, if permitted to subcontract, shall be fully responsible for all work performed by subcontractors. Contractor shall conduct all operations in Contractor's own name and as an independent contractor, and not in the name of, or as agent for, Purchaser.

20. Use of Premises. Contractor shall perform all work so as to cause minimum interference with the operations of Purchaser and of other contractors, and shall take all necessary precautions, including those required by Purchaser's safety regulations, to protect Purchaser's and third party's premises and all persons and property thereon from damage or injury. Upon completion of the Services, Contractor shall leave the premises clean and free of all equipment, waste, and rubbish.

21. Liability. Contractor shall be solely responsible for all materials, subcontracts, and equipment until the Services are completed to Purchaser's satisfaction. Contractor shall be solely responsible for tools, equipment and other property owned, rented or leased by Contractor or any subcontractor or employee of either which are not to be incorporated in the work. Contractor shall be solely responsible for loss or damage to the Services until they are accepted by Purchaser.

22. Liens. Contractor shall pay promptly all indebtedness for labor, services, material, supplies, and equipment used in performance of the Services. Contractor shall not be entitled to receive final payment for the Services from Purchaser until

Contractor furnishes evidence satisfactory to Purchaser of full payment of such indebtedness. Contractor shall not permit any lien or charge to attach to the object of the Services or Purchaser's premises; but if any does so attach, Contractor shall promptly procure its release and indemnify Purchaser against all damage and expense.

23. Insurance. If Contractor performs any Services on Purchaser's premises, Contractor shall maintain at all times the following insurance, at Contractor's expense, with a reputable and financially sound insurance carrier acceptable to Purchaser: (a) Workers Compensation Insurance as required by applicable law; (b) Employer's Liability Insurance with limits not less than \$1,000,000 per occurrence; (c) General Liability Insurance, including products and completed operations coverage, with a minimum combined single limit of not less than \$1,000,000 per occurrence; (d) Automobile Liability Insurance with limits not less than \$1,000,000 per occurrence; and (e) Excess Liability Insurance with limits not less than \$5,000,000 for Employers Liability, General Liability and Auto Liability. Upon request, Contractor will provide Purchaser with an insurance certificate from its insurance carriers for each of the required foregoing insurance coverage's. Such insurance shall name Purchaser as an additional insured, provide waiver of subrogation in favor of Purchaser, contain a severability of interests and cross liability clause, and provide for at least thirty (30) days notice of cancellation to Purchaser.

24. Contractor Default. In addition to the provisions of the above Default section, upon written notice to Contractor terminating this Order: (a) Purchaser shall be relieved of all further obligation hereunder, except to pay the reasonable value of Contractor's prior performance, but not more than the price set forth in this Order; (b) Title to any product of Contractor's work whether fully or partially completed, as well as all materials and subcontracts procured, prepared, or set aside by Contractor for use in the work, shall, at Purchaser's option, vest in Purchaser and Purchaser may enter Contractor's premises and remove the same; and (c) Purchaser may complete performance of the Services and Contractor shall be liable to Purchaser for all cost incurred by Purchaser in completing such performance in excess of the Order price.

25. Drugs, Alcohol, and Firearms. Purchaser's policy on illegal drugs, alcohol, and firearms, as it relates to contractors, is set forth below. Contractor agrees to communicate such policy to its personnel (which shall include subcontractor personnel) and agrees to cooperate with Purchaser in implementing such policy on the job site(s) covered by this Agreement.

The use, possession, transportation, promotion, or sale of illegal drugs or drug paraphernalia, and/or otherwise legal but illicitly used substances by anyone while on Purchaser's premises is absolutely prohibited. Except where specifically authorized, the use, possession, or transportation of alcoholic beverages, firearms, live ammunition, explosives, or weapons is also prohibited. Reporting to work, remaining on duty, or being

on Purchaser's premises under the influence of drugs or alcohol is also prohibited. Personnel found in violation of these prohibitions will not be allowed on Purchaser's premises and may be referred to law enforcement agencies.

The use or abuse of prescription drugs and over-the-counter drugs that may affect safe performance by personnel of assigned job tasks is prohibited. This includes the use of prescription drugs without a valid prescription and over-the-counter drugs in a manner not intended for use.

The term "Purchaser's premises" in this Section is used in the broadest sense and includes all land, property, buildings, structures, installations, boats, planes, helicopters, cars, trucks, and all other means of conveyance owned by or leased to Purchaser or otherwise being utilized in Purchaser's business.

Entry onto Purchaser's premises constitutes consent to and recognition of the right of Purchaser and its authorized representatives to search the person, vehicle, and other property of individuals while on Purchaser's premises. Such searches may be initiated by Purchaser without prior announcement and will be conducted at such times and locations as deemed appropriate. Contractor's personnel who refuse to cooperate with searches will not be allowed on Purchaser's premises.

Contractor (and Contractors subcontractors) are required to take whatever steps they deem necessary (including adopting their own drug control program, if necessary) to ensure that involvement with drugs or alcohol on the part of their respective personnel working on Purchaser's premises or with Purchaser's personnel does not create a presence of drug or alcohol related problems in the work place. Contractor may conduct contraband searches and drug and alcohol testing of its personnel on Purchaser's premises in areas where Contractor is performing work. Contractor shall notify and obtain approval of Purchaser's on-site management prior to conducting such searches or testing.

26. Health, Environment, and Safety. Contractor shall comply with applicable health, environmental, and safety regulations of Purchaser and agencies having jurisdiction over Services. Contractor shall at all times maintain a clean and safe work site and take all necessary precautions to protect persons and property from damage or injury arising out of performance of the Services. Contractor personnel working at Purchaser sites must adhere to all safety regulations.

27. Purchaser's Code of Conduct for Suppliers and Other Third Parties. Purchaser's Code of Conduct for Suppliers and Other Third Parties ("Code") has been established to foster the highest ethics in both Parties' procurement-related conduct. Seller agrees to read, understand and use best efforts to abide by the Code. The Code is found at:
http://www.hexion.com/about_us.aspx?id=26506

28. Seller certifies and represents that in the performance of

this order it will comply with the provisions of all applicable federal, state and local laws, regulations, rules and orders. Any provision which is required to be a part of this order by virtue of any such law, regulation, rule or order is incorporated herein by reference including, but not limited to, the following:

1. Executive Order 11246: EEO clause published at 41 CFR 60-1.4(a)
2. Executive Order 13465 (Employment Eligibility Verification); 73 FR 67704
3. Executive Order 13496 (Employee Rights Under National Labor Relations Act): 29 CFR 471, Appendix A to Subpart A
4. This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.
5. This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

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