

KELLOGG STANDARD TERMS AND CONDITIONS OF PURCHASE

1. CONTRACT. This Purchase Order is the contract between Kellogg Asia Marketing Inc. (Malaysian branch) ("Purchaser") and Seller relating to the purchase and sale of goods or services described in this Purchase Order (such goods or services referred to below as "Goods"). There shall be no modifications and additions to any of the terms of this Purchase Order, irrespective of the wording of Seller's acceptance, invoice, shipping receipt, packing slip, other written material offer, proposal or by any other means (hereinafter called "Seller's Forms").

2. CHANGES. Purchaser may change quantities, specifications, delivery dates, materials and other descriptions relating to the Goods at any time up to shipment. If such changes cause an increase or decrease in the cost or time required for Seller's performance, Seller and Purchaser will negotiate an equitable adjustment.

3. PRICE AND TAXES. Unless otherwise provided in this Purchase Order, the price includes any and all taxes, whether sales, service, use, excise or other, or fees, duties or other governmental impositions, whether or not the same are set forth separately on invoices to Purchaser. If Purchaser is required to pay any taxes or other fees relating to the services to be performed or to the production, sale or transportation of the Goods, Seller will reimburse Purchaser for any such taxes or fees.

4. ACCEPTANCE OF GOODS. Purchaser's acknowledgement of receipt of the Goods will not constitute acceptance of such Goods or acknowledgement of the quantity of Goods shipped. Acceptance will occur only when Purchaser, after a reasonable opportunity to inspect and test the Goods, issues to Seller a written notice of acceptance or incorporates the Goods into a product produced by Purchaser. If any portion of a shipment of Goods is found to not be in conformity with this Purchase Order, Purchaser may reject and return the entire shipment without further inspection; or Purchaser may, at its option, complete inspection of all Goods in the shipment and then reject and return any or all non-conforming Goods or accept them at a reduced price. Purchaser's acceptance of any non-conforming Goods will not constitute a waiver of any requirements under this Purchase Order for Goods subsequently delivered. Any rejected Goods will be returned at Seller's expense, and Seller will be liable to Purchaser for any other expenses incurred by Purchaser in connection with such Goods.

5. PACKING AND SHIPPING.

(a) Seller will pack, mark and ship the Goods in accordance with Purchaser's policies and requirements pertaining (but not limited to) Ingredient Specifications, Quality Manuals, and Security Seals, all applicable laws and regulations including the Malaysian Customs Act 1967 and other regulatory agency requirements and common carrier and, when transportation costs are payable by Purchaser, in a manner to secure the lowest transportation cost. No charge will be made by Seller for packing, boxing, drayage or storage unless otherwise stated in this Purchase Order.

(b) Unless otherwise provided in this Purchase Order, prices and delivery are "FOB Destination – Freight Prepaid." All charges are included in the price and no extra charges of any kind will be allowed unless specifically provided in this Purchase Order.

(c) All risks of loss or damage in transit or delays en route will remain with Seller until Purchaser's receipt and acceptance of the Goods notwithstanding the FOB point stated on the reverse side hereof or any other terms in this Purchase Order. Purchaser will receive all Goods subject to its rights of inspection and rejection.

6. GENERAL WARRANTIES.

(a) Seller warrants that all Goods will be free from defects in design, material, and workmanship, will conform to specifications and accepted samples, will be merchantable and, if ordered for a stated purpose, will be fit for such purpose. The warranties set forth in this Paragraph 6(a) or otherwise with respect to the Goods, are conditions to this Purchase Order and are in addition to all other warranties, expressed or implied (by law or otherwise) and will survive any delivery, inspection, acceptance, or payment by Purchaser. All warranties will ensure to the benefit of Purchaser, its successors and assigns.

(b) All services provided by Seller under this Purchase Order will be satisfactorily performed to Purchaser's specifications, drawings, samples, and any other description furnished or adopted by Purchaser. In the absence of exact specifications, all materials furnished will be of the highest grade and best quality, and the work will be performed in a professional and first-class manner best suited for its use and intended purpose. Seller will re-execute, at its own cost and expense, any defective or unsatisfactory work that appears during progress of the work and will remedy and replace, at Seller's own cost and expense, any defects due to faulty materials or workmanship which appear within a period of one year from the date of acceptance of the completed work by Purchaser. The work will be at Seller's risk until it is accepted by Purchaser.

(c) Seller will permit auditors of Purchaser to have access to facilities used to manufacture, pack or hold the Goods or ingredients. The audit/inspection may include review of

records, processes, controls and facilities which demonstrate that product meets specifications.

(d) Seller warrants that no liens, encumbrances, security interests, or other third party claims will attach to real or personal property owned or leased by Purchaser as a consequence of Seller's performance of services.

(e) Seller warrants that all Goods are at prices and terms lawful and permissible under the anti-trust laws and any other applicable official price control laws, orders and regulations.

(f) Nothing in this Purchase Order or the Seller's Forms shall operate to disclaim, exclude, diminish or reduce any liability in respect of any warranty contained in this Purchase Order or the Seller's Forms or any other warranties implied by the Malaysian Sale of Goods Act 1957 relating to the Goods.

7. BREACH. Any Goods not in accordance with any of the warranties set forth in this Purchase Order may, at Purchaser's election, be treated as a partial or total breach of contract, and Purchaser may avail itself of any and all remedies available to it under law and including, but not limited to, (a) cancellation of the Purchase Order, in whole or in part; (b) rejection and return to Seller, at Seller's expense, all or any portion of the Goods previously shipped, whether defective or not and whether previously accepted or not; (c) replacement from other sources of the Goods; and (d) retention of Goods and repair thereof at Seller's expense. In any such event, Seller will be liable to Purchaser for the full amount of such damages as flow from its breach of contract and Seller will not be entitled, in diminution of the same, to show that such procedures as Purchaser chose to follow upon such breach resulted in greater damages than might have ensued had Purchaser selected other available alternatives. One or more waivers (whether by non-enforcement, non-association or otherwise) of the breach of any condition, term or provision of this Purchase Order will not be construed as a waiver of a further, additional or continuing breach of the same or any other condition, term or provision of this Purchase Order.

8. CANCELLATION. If at any time Purchaser will reasonably determine that Seller is, or is about to become, insolvent or bankrupt, then Purchaser may forthwith immediately cancel this Purchase Order. Without limiting any right of cancellation for Seller's breach or default, Purchaser reserves the right to cancel this Purchase Order, or any portion thereof, if, for any reason, delivery or performance is not made or cannot be made when specified, time being of the essence, and to charge Seller for any resulting loss. Purchaser's right of cancellation includes the right to cancel future installments, if any, in the event of failure or delay in delivery or performance, if deemed by Purchaser to reasonably impair the value of the entire Purchase Order.

9. FORCE MAJEURE. In the event either party, through no fault of its own, is unable to perform hereunder due to an event that is beyond the non-performing party's reasonable control, such nonperformance will be excused, provided that if any such event continues for more than 15 days, Purchaser may, at its option, cancel this Purchase Order and all its related obligations. Each party will promptly notify the other of any inability to perform and the cause of such nonperformance.

10. TERMINATION. Purchaser may terminate this Purchase Order, in whole or in part, at any time due to Seller's breach or for any reason by written notice, or verbal notice confirmed in writing, to Seller. In the event Seller is not in breach or default hereunder and Section 8 above does not apply, Seller's sole remedy will be limited to recovery of its reasonable direct costs consisting of a percentage of the order price reflecting the percentage of work authorized and properly performed prior to notice of termination, and actual direct costs resulting from termination.

11. SPECIFICATION CHANGES. Purchaser may, at any time upon written notice to Seller, make changes in the specifications, drawings, samples or other terms of this Purchase Order. If such change causes a material increase or decrease in the amount or character of the work to be done by Seller, the goods to be delivered hereunder, or the time required therefor, and Seller notifies Purchaser thereof within five days from the date of receipt of notice from Purchaser to make such change, the parties may agree to an equitable adjustment of the purchase price or the time for Seller's performance. No claim for an adjustment in price will be valid unless such changes are specifically requested by Purchaser and the amount of the adjustment in price is specifically agreed to in writing by Purchaser.

12. INDEMNIFICATION. Seller will indemnify and hold harmless Purchaser, its successors and assigns from any and all claims, demands or other liabilities for suits, injuries, losses, damages, recall costs, or expenses (including attorneys fees) to persons or property in any way arising out of or resulting from a defect in the Goods or from any act, fault, or omission of Seller, its agents, employees, or subcontractors in the performance of this Purchase Order, including, but not limited to: (a) actual or alleged adulteration or misbranding of product(s); (b) use or incorporation of any product(s) manufactured by Purchaser; (c) actual or alleged infringement of any United States or foreign patents, or any trademark or copyright; (d) performance of work and labor covered by this Purchase Order; (e) use of Purchaser's machinery and/or equipment

by Seller in the performance of the work called for by this Purchase Order; or (f) breach of any warranty or any other obligation hereunder. There shall be no limitation of liability in Seller's Forms.

13. INSURANCE. During the term of this Purchase Order and where applicable, Seller will maintain at its own expense an appropriate and prudent level of insurance cover for the Goods including where applicable (a) Commercial General Liability Insurance, including products and completed operations coverage, with a combined single limit minimum of \$5,000,000, which may be increased at the request of Purchaser, (b) Automobile Liability Insurance, including coverage for hired, owned or non-owned vehicles, with a combined single limited minimum of US\$1,000,000, and (c) Workers' Compensation Insurance at the statutory limits. Purchaser will be named in such liability policies as an additional insured. Seller will furnish Purchaser with certificates of insurance issued by the companies providing the coverage and all such coverage and the related policies will be subject to Purchaser's approval for adequacy of protection. All such certificates will stipulate that the companies providing the coverage will not cancel or materially change such insurance policies without giving Purchaser at least 30 days prior written notice.

14. WORK AND LABOR.

(a) Seller will observe all laws, ordinances, rules and regulations of any government unit or agency affecting items furnished and/or the performance of work and labor covered by this Purchase Order. All contractors, subcontractors and vendors must review the "Hazard Communication Compliance Manual" at the work site (location) and must provide the appropriate documents (Material Safety Data Sheets, etc.) for all hazardous materials to be used, consumed or installed as part of this Purchase Order.

(b) Seller will keep the premises of Purchaser free from accumulations of material or rubbish, and at the completion of work promptly remove the same from Purchaser's premises, together with Seller's machinery, tools and equipment.

(c) In the event Purchaser's machinery and/or equipment are used by Seller in the performance of the work called for by this Purchase Order, such machinery and/or equipment will be considered as being under the sole custody and control of Seller during the period of such use by Seller and should any person or persons in the employ of Purchaser be used to operate said machinery and/or equipment during the period of such use, such person or persons will be deemed during such period of operation to be an employee or employees of Seller for the purpose of establishing liability.

15. CONFIDENTIALITY. In the event Purchaser disclosed to Seller any confidential information, including that which may be disclosed verbally, in writing, or through observation of Purchaser's facilities, Seller will not use such information for its own benefit or disclose Purchaser's confidential information to any third parties, except to the extent required by law and then only upon prior written notice to Purchaser. No information received by Purchaser in connection with negotiating and filling this Purchase Order will be deemed to constitute a trade secret, or to have been given in confidence to Purchaser.

16. OWNERSHIP. If any molds, dies, tools, special fixtures, jigs, patterns, models or the like, or any photographic negatives or printing artwork or plates, copyrightable material, patents, trademarks, or the like should be furnished by or on behalf of Purchaser, or by Purchaser to Seller, then Seller (i) will have no rights, property or interest in the same except to the extent necessary to perform under this Purchase Order, (ii) will be responsible for maintaining the same in proper working order subject only to normal wear and tear where applicable; and (iii) upon completion of work pursuant hereto, will promptly account to Purchaser for any and all such items and make such disposition thereof, including any assignments and releases, as Purchaser directs.

17. LAWS AND REGULATIONS.

(a) Seller will comply with all federal, state and local laws, executive orders and regulations of the jurisdiction which the sale and purchase of the Goods is concluded including any applicable customs laws, regulations and orders.

18. ENTIRE AGREEMENT. This Purchase Order constitutes the final expression of agreement between Seller and Purchaser with respect to the purchase and sale of the Goods, and is a complete and exclusive statement of the terms of this Purchase Order, superseding all other oral or written agreements, or communications by or between Seller and Purchaser. The laws of Malaysia will govern this Purchase Order. Seller consents and submits to the exclusive jurisdiction of the Malaysian courts with respect to any action related to this contract or the Goods.

19. ASSIGNMENT AND SUBCONTRACTING. Seller may not assign or subcontract its obligations under this Purchase Order and may not assign any present or future right to receive payment under this Purchase Order without the prior written consent of Purchaser.