



Purchase Terms and Conditions

(01/01/12)

1. Notwithstanding any prior negotiations between the parties, this purchase order is an offer to buy the merchandise, services or both that are listed on the reverse side of this page. By accepting this purchase order in writing or by delivering the merchandise ordered or performing the services requested, Seller accepts all of the terms and conditions set forth herein. Formal objection is hereby made to any additional or different terms Seller may propose in its acceptance. No change, modification or revision of this order shall be valid unless executed in writing and signed by a duly authorized representative of Buyer. All merchandise delivered or services performed must be strictly in accordance with Buyer's specifications, drawings and approved samples, if any, and the terms and conditions set forth herein.

All goods are subject to a final inspection at destination, notwithstanding prior payments or inspection at source. Buyer, without limitation to its other rights, may reject any item which contains defective materials or workmanship or does not conform to Buyer's specifications, drawings or approved samples, if any, or is not as ordered. Additionally, Buyer, without limitation to its other rights, may reject any services that do not conform to Buyer's specifications or that are otherwise deemed to be unsatisfactory.

Acknowledgement of receipt on packing slips or bill of lading shall not constitute acceptance. Title to all rejected goods shall pass to Seller upon Buyer's written notification to Seller of rejection and all such goods held by Buyer after such notification shall be Seller's risk.

2. Termination. Buyer reserves the right to cancel this Purchase Order, or any part thereof, at any time, even though the Seller is not in default thereunder, by giving written notice to the Seller. In the event of such cancellation, Buyer shall pay for all goods and services, delivered and completed and an equitable settlement shall be arrived at for cost incurred by Seller for goods and materials in process not to exceed the aggregate committed quantity and/or price specified in this Purchase Order. Upon receipt of any written notice of cancellation thereunder, Seller shall, unless otherwise directed, immediately discontinue all work in progress and immediately cancel all orders of subcontracts given or made pursuant to this Purchase Order. Exercise by Buyer of the rights of cancellation reserved in this paragraph shall give rise to no liability on the part of the Buyer except as specified in this paragraph and shall not have the effect of waiving damages the Buyer might otherwise be entitled to.

3. Seller's Sole Remedy. Notwithstanding any breach of this Purchase Order by Buyer, it is expressly agreed that Seller's remedy and the liability of Buyer (whether for special order products and services or all other products and services) as set forth in Section 2 represents the exclusive and sole remedy of Seller under this Purchase Order.

4. Changes. Buyer may at any time by written notice make changes in drawing, design and specifications, shipping instructions, quantities, and delivery schedules. Should any change increase or decrease the cost or the time required for performance of this Order an equitable adjustment in the price and/or delivery schedule will be made. All claims for adjustment by Seller must be made within 30 days from the date the change is ordered or within such additional period of time as may have been



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approved by Buyer. Nothing in this clause shall relieve the Seller from proceeding without delay in the fulfillment of this order as changed.

5. Transportation. Unless otherwise stated on the face of this Order goods are to be sold FOB shipping point, transportation collect. When the face of the order contains direction that goods are to be sold FOB destination, transportation charges must be prepaid by Seller. No premium transportation, insurance, or valuation costs will be allowed unless specifically authorized. No extra charges of any kind, including charges for boxing or pallets will be allowed unless specifically agreed to by Buyer in writing. A complete packing list must be enclosed with all shipments thereunder and must show this Purchase Order number and Sage stock number. Seller must mark containers or packages with necessary billing, loading, and shipping information, including this Purchase Order number, Sage stock number, dates of shipment, and names and addresses of consignor and consignee. All items shall be suitably prepared for shipment as to ensure safe delivery, secure the lowest transportation and insurance rates; and meet the carrier's requirements. Unless Buyer has given its prior written consent to such advance delivery, material delivered to Buyer in a calendar month prior to that of the required delivery dates set forth herein may be returned at the Seller's expense.

6. Buyer's Property. Unless otherwise agreed in writing, all tools, equipment, test sets, mold designs, patterns, drawings, specifications or materials of every description furnished to Seller by Buyer or specifically paid for by Buyer and any replacements thereof, or any materials affixed or attached thereto, shall be and remain personal property of Buyer. Such property, and whenever practicable, each individual item thereof, shall be plainly marked or otherwise adequately identified by Seller as the property of Buyer and shall be safely stored separate and apart from Seller's property. Seller shall, at Buyer's request, execute documents in recordable form which shall identify Buyer's property in the custody of Seller. Seller shall not substitute any property for Buyer's property and shall not use such property except in filing Buyer's orders. Such property while in the Seller's custody or control shall be held at Seller's risk, shall be kept insured by Seller at Seller's expense at an amount equal to the replacement cost with loss payable to Buyer and shall be subject to removal at Buyer's written request, in which event Seller shall prepare such property for shipment and shall redeliver to Buyer in the same condition as originally received by Seller, reasonable wear and tear accepted, all at Seller's expense. Upon Buyer's request, Seller agrees to provide to Buyer an insurance certificate indicating the foregoing coverage and showing the Seller's name, the name of the insuring insurance company, the type of insurance, the policy number, the effective date, and the expiration date.

7. Warranty. Seller warrants that all items delivered under this order will conform to Buyer's specifications, drawings and approved samples, if any and will be of good material and workmanship and will be free from defects.

8. Default. In the event Seller shall fail to comply with any of the terms and conditions herein, Buyer may terminate this Order in full or part, and may consider such non-compliance as a breach of contract. Buyer expressly reserves the right to pursue the remedies provided by law in the case of any such breach and no action by Buyer shall constitute a waiver of any such right of remedy. Buyer may



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cancel this order in whole or in part by written facsimile or electronic notice in the event that any proceedings are instituted by or against either party in bankruptcy or insolvency under any provision of the Bankruptcy Act or in the event of any assignment for the benefit of creditors.

9. Use of Designs and/or Confidential Information. Seller agrees that it will keep confidential the features of any equipment, tools, gauges, patterns, designs, drawings, specifications, engineering data or other technical or proprietary information furnished by Buyer and use such items only in the production of items under this Order or other Orders from Buyer and not otherwise unless Buyer's written consent is first obtained. Seller acknowledges and agrees that the furnishing of such items by Buyer does not grant Seller any title or rights of ownership in those items and that Buyer retains full ownership of and all rights and title to those items. If requested by Buyer, Seller shall return all such items to Buyer or make such other disposition thereof as may be directed or approved by Buyer.

10. Compliance with Applicable Laws. In accepting this order, Seller shall be deemed to represent that all of the products and services to be furnished thereunder will be manufactured, labeled and/or supplied by Seller in accordance with all applicable federal, state and local laws, rules and regulations including, but not limited to the Walsh-Healy Act, Fair Labor Standard Act, Occupation, Safety and Health Act of 1970, Equal Employment Opportunity Provisions and Executive Orders and the Federal Food & Drug & Cosmetic Act. Seller further agrees to defend, indemnify and hold harmless Buyer for all damages claimed or assessed against Buyer as a result of Seller's failure to comply with laws, regulations and standard issued thereunder.

11. Patents. Seller represents and warrants that the purchase, sale or use of the products delivered under this order will not infringe any United States or foreign patents and agrees to defend and indemnify Purchaser against such claims or liability. Seller hereby assumes all liability for all damage or injury caused by or to seller's workers while engaged in the execution of this order.

12. Assignments and Subcontracting. Neither this Purchase Order nor any interest herein or claim thereunder may be assigned by Seller either voluntarily or by operation of law, nor may all or substantially all of the work to be performed under this Purchase Order be further subcontracted by Seller without the prior written consent of Buyer. No consent shall be deemed to relieve Seller of its obligations to comply fully with the requirements hereof.

13. Pricing. Seller warrants that the prices of the items set forth in this Purchase Order do not exceed those charged by the Seller to any other customer purchasing the same or substantially similar items in like or smaller quantities.

14. New Material. Unless otherwise provided in this Purchase Order, all items and parts and components thereof, shall be new, and not used or reconditioned and not of such age or so deteriorated as to impair their usefulness or safety.

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15. General Terms.

- (A) Time shall be of the essence in the delivery of all items thereunder.
- (B) Force Majeure: Buyer shall have the right to cancel the performance of services or the shipment of goods covered in this Order in the event of Acts of God, or of public enemy, acts of the government with lawful jurisdiction over Seller in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather.
- (C) Seller shall not without first obtaining Buyer's written consent, disseminate the fact that Seller has furnished or has contracted to furnish Buyer the items covered hereby, nor, except with Buyer's prior written approval and when necessary for performance of this Order, shall seller disclose to third parties any of the drawings, specifications and other details connected with this Order.
- (D) If a Federal or State proceeding for the relief of debtors is instituted by or against Seller, or if Seller makes an assignment for the benefit of creditors, or if a trustee, receiver, liquidator, or conservator is appointed for Seller or for all or a portion of Seller's property for any act of insolvency or bankruptcy by Seller, as defined in the Bankruptcy Act, as amended, Buyer may terminate the right of the Seller to proceed with the further performance of this Order without further obligation except that Buyer shall be obliged to pay for any item delivered and accepted prior to any of the foregoing occurrences.
- (E) All risk of loss of or damage to items furnished under this Purchase Order shall follow the title thereof.
- (F) Whenever the Seller has knowledge that an actual or potential labor dispute is delaying or threatens to delay the timely performance of this Purchase Order, the Seller shall immediately give Buyer notice thereof, including all relevant information with respect thereto.
- (G) The Seller will supply the goods or services within ten (10) percent of the quantity specified on this Order. Any goods shipped over that allowed variance will be returned at Seller's expense unless otherwise approved in writing by the Buyer.
- (H) No waiver, alteration or modification of any provision of this order shall be binding on the Buyer unless evidenced by a change order or written amendment signed by a duly authorized representative of the Buyer.
- (I) In case of variance in computing the total Purchase Order price the Unit price shall govern. Any claims in regards to billing errors should be submitted within 60 days.
- (J) The invalidity in whole or in part of any provision of this Order shall not affect the validity of any other provision.
- (K) This Purchase Order shall be construed and governed by the laws of the State of Illinois.

16. Precedence. Conflicting provisions hereof if any shall prevail on the following descending order of precedence:

- (1) Written provision on the face of this Order
- (2) Typed provision on the face of this Order
- (3) The printed portion of this Order, including these Purchase Order General Provisions and Purchase Order Additional General Provisions, if any
- (4) Purchase Order attachments