

## RENOLD JEFFREY TERMS AND CONDITIONS OF PURCHASE

1. **Sale and Purchase.** Subject to the terms and conditions hereof, Seller agrees to furnish to [\_\_\_\_\_] ("Purchaser") the goods and/or services ("Goods") described on the face of this Order.

2. **Acceptance; Applicable Terms and Conditions.** Acceptance by Seller of this Order shall be made by duly executing and returning a signed copy of this Order, commencement of work on the Goods subject to this Order or shipment of such Goods, whichever occurs first. Any acceptance of this Order is limited to acceptance of the express terms contained on the face and back hereof. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of this offer in Seller's acceptance is hereby objected to and rejected, but such proposals shall not operate as a rejection of this offer unless such variances are in the terms of the description, quantity, price, or delivery schedule of the Goods, but shall be deemed a material alteration thereof, and this offer shall be deemed an acceptance of a prior offer by Seller, such acceptance is limited to the express terms contained on the face and on the back hereof. Additional or different terms or any attempt by Seller to vary in any degree any of the terms of this Order shall be deemed material and are objected to and rejected, but this Order shall not operate as a rejection of Seller's offer unless it contains variances in the terms of the description, quantity, price, or delivery schedule of the Goods.

3. **Prices.** If prices are not set forth on this Order, the prices shall be no higher than last quoted or charged to Purchaser for comparable quantities, unless notified in writing prior to processing. All prices, unless otherwise specifically provided, include all applicable federal, state, and local taxes in effect, packaging, shipping, labeling, custom duties, storage, and insurance, and Seller warrants that the prices are complete and no additional charges of any type shall be added without Purchaser's prior express written consent. In the event that there are any new taxes or increased rates or repeal of any tax or reduction of taxes, prices shall be adjusted accordingly. If prices are not set forth on this Order and previous orders have not been submitted to Seller, Seller shall immediately notify Purchaser of the prices to be charged. No contract shall be made until such prices are accepted in writing by Purchaser.

4. **Progress Reports; In-Production Inspections.** If this Order provides for progress reports, Seller shall provide reports monthly during the performance of this Order which shall include in each instance a detailed statement of the work commenced, in-process, and completed at the end of the month, and a statement of the estimated time remaining for the completion of the Order. In addition, Purchaser shall have the right to make such examinations (including, without limitation, of Seller's facility at reasonable times) and tests as it shall deem necessary to determine whether or not the Goods are being produced in a good and workmanlike manner and in accordance with specifications.

5. **Partial Shipments and Substitutions.** Unless otherwise agreed, shipments must equal the exact amounts ordered, and no partial shipments, changes, or substitutions in specifications may be made without the prior written consent or request of Purchaser.

6. **Deliveries.** Purchaser's production schedules are based upon the agreement that the Goods will be delivered to Purchaser on or before the date specified in the Order. Time is, therefore, of the essence, and in the event that deliveries are not made at the time agreed upon, Purchaser reserves the right to cancel, purchase elsewhere, and hold Seller liable. Acceptance by Purchaser of late shipments or partial shipments shall not constitute a waiver of this provision. If no date for delivery is specified, Seller shall at the time of acceptance state the date upon which shipment shall be made. If, in order to comply with Purchaser's required delivery date, it becomes necessary for Seller to ship by a more expensive way than specified in this Order, any increased transportation costs resulting therefrom shall be paid for by Seller. Purchaser may change rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price for the Goods.

7. **Invoicing and Shipping Memoranda.** On the date of shipment, Seller shall forward a shipping memo (in full) with bill of lading or express receipt, and for each separate shipment shall forward invoices in duplicate showing this Order number.

8. **Payment.** Payment terms are set forth on the face side of this Order, or if not stated, shall be on the 45<sup>th</sup> day following Purchaser's receipt of a proper invoice (except as may otherwise be agreed upon by Purchaser and Seller). Purchaser may withhold payment pending receipt of evidence, in such form and detail as Purchaser may direct, of the absence of any liens, encumbrances and claims on the Goods or services under this Order.

9. **Changes.** Purchaser shall have the right at any time to make changes in drawings, designs, specifications and materials. If any such change cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this Order shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this section.

10. **Termination for Convenience.** Purchaser reserves the right to terminate the whole or any part of this Order at any time for any reason of its own convenience by giving written notice to Seller. In the event of termination for the convenience of Purchaser, Purchaser agrees to pay a termination fee only with respect to those Goods which, because they have been specially manufactured for Purchaser, cannot be returned to Seller's stock. Such termination fee shall be equal to the price payable for Goods already delivered to and accepted by Purchaser, together with the costs attributable to work-in-process, including costs of raw materials, labor, and reasonable overhead and profit, but in no event exceeding the price specified in this Order.

11. **Inspection and Rejection.** Payment for the Goods delivered hereunder shall not constitute acceptance thereof. Purchaser shall have the right to inspect such Goods and to reject any or all of said Goods which are in Purchaser's judgment defective or nonconforming. Goods rejected may be returned to Seller at its expense and, in addition to Purchaser's other rights, Purchaser may charge Seller all expenses of unpacking, examining, repacking, and reshipping such Goods. In the event Purchaser receives Goods whose defects or nonconformity is not apparent on examination, Purchaser reserves the right to require replacement, as well as payment of damages. Nothing contained in this Order shall relieve in any way Seller from the obligation of testing, inspection, and quality control. Failure by Purchaser, however, shall not be considered a waiver of Purchaser's rights with respect to nonconformity or otherwise.

12. **Packaging.** All Goods shall be properly packaged without charge to Purchaser, except where specifically agreed to by Purchaser. Containers, pallets, and other packaging materials will not be returned unless specifically requested by Seller. All costs and expenses for handling and returning packaging materials shall be charged to Seller.

13. **Risk of Loss.** Notwithstanding the method of shipment, Seller shall deliver all Goods to Purchaser at Purchaser's place of business or such other location specified by Purchaser at Seller's own risk. Seller shall bear the risk of loss, destruction, or damage until the Goods are so delivered.

14. **Warranty.** Seller expressly warrants that all Goods furnished under this Order shall strictly conform to all specifications and appropriate standards, will be new, and will be free from defects in material and workmanship. Seller warrants that all such Goods will conform to any statements made on the containers or labels or advertisements for such Goods, and that any Goods will be adequately contained, packaged, marked, and labeled. Seller warrants that all Goods furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which Goods of that kind are normally used. If Seller knows or has reason to know the particular purpose for which Purchaser intends to use the Goods, Seller warrants that such Goods will be fit for such particular purpose. Seller warrants that Goods furnished will conform in all respects to samples. Inspection, test, acceptance, or use of the Goods furnished hereunder shall not affect Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance, and use. Seller's warranty shall run to Purchaser, its successors, assigns, and customers, and users of products sold by Purchaser. Seller agrees to replace or correct defects of any Goods not conforming to the foregoing warranty promptly, without expense to Purchaser, when notified of such nonconformity by Purchaser, provided Purchaser elects to provide Seller with the opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming Goods promptly, Purchaser, after reasonable notice to Seller, may make such corrections or replace such Goods and charge Seller for the cost incurred by Purchaser in doing so.

15. **Indemnification.** Seller shall defend, indemnify, and hold harmless Purchaser against any and all loss, (including, without limitation, any damage to or destruction of property or death of, or bodily injury to, persons, damages, claims, liabilities, demands, actions, fines, penalties, proceedings, and all costs and expenses (including attorneys' fees) arising out of or resulting in any way from any defect in the Goods purchased hereunder, any breach, or failure by Seller to comply with this Order, or from any fault or act or omission of Seller, its agents, employees, or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller. Seller further agrees to indemnify and protect Renold against all liabilities, claims, or demands growing out of or arising out of the performance of labor, including, but not limited to, any claims for Workers' Compensation.

16. **Infringement.** Seller agrees upon receipt of notification to promptly assume full responsibility for defense of any suit or proceeding which may be brought against Purchaser, or its agents or customers, for alleged patent infringement, as well as for any alleged unfair competition resulting from similarity in design, trademark, or appearance of Goods, or services furnished hereunder, and Seller further agrees to indemnify Purchaser, and its agents, distributors, and customers, against any and all expenses, losses, royalties, profits, and damages including court costs and attorneys' fees resulting from any such suit or proceeding, including any settlement. Purchaser may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller. In the event that Seller is determined by a court of law or equity to have committed such an infringement, Seller shall be obliged to supply Purchaser with non-infringing substitute Goods, or to alter supplied Goods as to make them non-infringing, or Seller will be deemed to have breached its contract with Purchaser, incurring liability for damages, including the full amount of consequential and incidental damages allowed by law. The foregoing shall not apply to any infringement resulting from Seller's use of a patented invention required to comply with written specifications of Purchaser if such patent invention is not normally used or sold by Seller.

17. **Proprietary Information; Confidentiality.** Seller shall consider all information furnished by Purchaser (including, without limitation, models, drawings, sketches, or plans) to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this contract, unless Seller obtains written permission from Purchaser to do so. This paragraph shall apply to drawings, specifications, or other documents prepared by Seller for Purchaser in connection with this Order. Unless otherwise agreed in writing, no commercial, financial, or technical information disclosed in any manner or at any time by Seller to Purchaser shall be deemed secret or confidential, and Seller shall have no rights against Purchaser with respect thereto except such rights as may exist under patent laws.

18. **Termination For Breach.** Purchaser reserves the right to cancel all or part of this Order, without liability to Seller, if Seller: (a) repudiates or breaches any of the terms of this Order, (b) fails to perform services or deliver Goods as specified by Purchaser, or (c) fails to make progress so as to endanger timely and proper completion of services or delivery of Goods, and does not correct such failure or breach within ten (10) days or such shorter period of time if commercially reasonable under the circumstances after receipt of written notice from Purchaser specifying such failure or breach. Upon such termination by Purchaser, and whether or not it has done so, Purchaser may, in addition to recovering so much of the price as has been paid, "cover" and have damages as to all of the Goods affected whether or not they have been identified to the Order. Purchaser may "cover" by making, in good faith and without unreasonable delay, any reasonable purchase of or agreement to purchase the Goods in substitution for those due from Seller. Purchaser shall recover from Seller as damages the difference between the cost of "cover" and the contract price together with any incidental or consequential damages. The foregoing shall be in addition to any other rights available to Purchaser in equity or at law including, without limitation under the Uniform Commercial Code.

19. **Bankruptcy of Seller.** If Seller shall become insolvent or unable to meet its obligations as they become due, or if a voluntary or involuntary petition of bankruptcy is filed by or against Seller, or if an assignment for the benefit of the Seller's creditors or a receiver is appointed, with or without Seller's consent, or Purchaser deems itself insecure, at any time prior to the completion of Seller's terms and conditions to be performed under this Order, the Order shall be deemed breached by Seller, and Purchaser shall have the right to terminate this Order by serving written notice of termination. Such termination shall not affect any claim for damages available to Purchaser, nor shall Purchaser incur any liability to Seller for pursuing its rights under this paragraph.

20. **Insurance.** Seller shall maintain all necessary insurance coverage, including public liability and Workers' Compensation insurance. Seller's purchase of appropriate insurance coverage or the furnishings of certificates of insurance shall not release Seller of its obligations or liabilities under this order.

21. **LIMITATION ON RENOLD'S LIABILITY.** IN NO EVENT SHALL PURCHASER BE LIABLE FOR ANTICIPATED PROFITS OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. PURCHASER'S LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM THIS ORDER OR FROM THE PERFORMANCE OR BREACH THEREOF SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE GOODS OR UNIT THEREOF, WHICH GIVES RISE TO THE CLAIM. PURCHASER SHALL NOT BE LIABLE FOR PENALTIES OF ANY DESCRIPTION. ANY ACTION RESULTING FROM ANY BREACH ON THE PART OF PURCHASER AS TO THE GOODS DELIVERED HEREUNDER MUST BE COMMENCED WITHIN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

22. **Government Compliance.** Seller agrees to comply with all federal, state and local laws, Executive Orders, rules, regulations and ordinances which may be applicable to Seller's performance of its obligations under this Order. Seller warrants that the Goods to be purchased were produced in accord with the requirements of the Fair Labor Standards Act, as amended. If this Order is a non-exempt government subcontract Executive Order 11246, the Equal Opportunity Clause as defined in Rules and Regulations of the Department of Labor, Office of Federal Contract Compliance (41 CFR Part 60-1) and other applicable rules and regulations are hereby incorporated by reference.

### 23. **Additional Provisions:**

(a) **Relationship of Parties:** Seller and Purchaser are independent contracting parties and nothing in this Order shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

(b) **Assignments and Subcontracting.** No part of this Order may be assigned or subcontracted by Seller without the prior written approval of Purchaser.

(c) **Set-Off.** All claims for money due or to become due from Purchaser shall be subject to deduction or set-off by Purchaser by reason of any counterclaim arising out of this or any other transaction with Seller.

(d) **Waiver.** The failure of either party at any time to require performance by the other party of any provision of this order shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of this order constitute a waiver of any succeeding breach of the same or any other provision.

(e) **Invalidity.** If any of the provisions or portions hereof are invalid under any applicable statute or rule of law, they are to that extent to be deemed omitted, and the remainder shall continue in full force and effect.

(f) **Survival of Certain Terms.** Any provisions contained herein which by their nature would continue beyond the termination, cancellation, or expiration of this Order will survive such termination, cancellation, or expiration.

(g) **Governing Law and Jurisdiction.** This Order shall be governed by and construed under the laws of the state of Purchaser's home office without reference to provisions of conflict of laws. The federal and state courts of such state shall have exclusive jurisdiction to adjudicate any dispute arising out of this Order. The parties hereto each consent to: (i) the personal jurisdiction of the courts of such state, and (ii) service of process being effected upon it by registered mail sent to the address set forth for such party in this Order.

(h) **Entire Agreement.** This Order, together with the attachments, exhibits, or supplements, specifically referenced in this Order, constitutes the entire agreement between Seller and Purchaser with respect to the matter contained herein and supersedes all prior oral or written representations and agreements. This Order may only be modified by a purchase order amendment/alteration issued by Purchaser.