



TERMS AND CONDITIONS OF SALE – PURCHASE ORDER

Acceptance: This order constitutes an offer on the part of Vernay Laboratories (the “Buyer”) to the seller upon the terms and conditions stated herein, and on the reverse hereof. This offer must be accepted by the seller by the execution and return to the buyer of the acknowledgment in the form attached hereto. No other terms and/or conditions by the seller shall be accepted or binding upon buyer without expressed written approval/acceptance by the buyer. In the event the acknowledgment is not returned the commencement of performance required by this offer to purchase shall be conclusive evidence of the seller’s acceptance and consent to the terms and conditions of purchase herein contained.

Packing and Shipping: Unless this order states otherwise, no charge shall be made for packing, crating, or other similar costs. Items shall be packed in accordance with commercial practice, to insure against damage from weather, and/or transportation. Each container must be marked to show the Purchase Order number and a Packing List showing a part description, part number and Purchase Order on each shipment. Unless otherwise instructed on the reverse hereof, all shipments are to be made via the most economical route. In the event buyer instructs seller to use a specific method of shipment or designates a carrier and the seller fails to comply, Buyer may choose to charge back to the seller any extra charges incurred.

Delivery: Time and rate of deliveries are of the essence for this order. Shipments must be made as per our delivery Schedule which are dates due at destination and not shipping dates. Buyer reserves the right to assess damages to seller for late deliveries unless they occur beyond the seller’s control. Buyer also may return shipments at Seller’s expense for early shipments and overshipments.

Cancellation and Termination: Buyer reserves the right to cancel this order in its entirety or in part without liability for undelivered articles, material or labor due to defects in material, equipment, workmanship, quantity or quality or articles delivered or if the same are not as specified herein or are not in accordance with drawings and blueprints, approved samples or specifications or instructions in connection therewith, or if there is delay in performance or delivery under the terms hereof; unless the delay in performance or delivery is due to causes beyond the seller’s control and without seller’s fault or negligence, buyer reserves the right to purchase substitute items or services elsewhere and charge the seller with any excess reprourement costs incurred. In the event Buyer would find it necessary to cancel this order or make specification changes, Buyer will only be liable for a 60 day schedule of parts and raw materials. Buyer may forthwith cancel the contract resulting from the acceptance of this order in the event of the happening of any of the following: insolvency of the seller; the filing of a voluntary petition in bankruptcy; the filing of an involuntary petition to have seller declared bankrupt; the appointment of a Receiver or Trustee for Seller or the execution by seller of an assignment for the benefit of creditors.

Warranty: Seller warrants that all material and work covered by this order will conform to applicable specifications, drawings, samples and/or other descriptions given and will be free from defects in workmanship and material of any kind. Unless the materials, or articles covered by this order are manufactured completely to detailed design furnished by buyer, seller assumes design responsibility and warrants the items to be correct and sufficient for the purpose intended. Seller further warrants that the material and work will be of merchantable quality and fit for Buyer’s intended purposes. The warranties of the seller, together with its service warranties and guarantees, shall run both to the buyer and/or its customers.

Inspection: Materials of any type purchased hereunder are subject to inspection and approval at buyer’s plant. Buyer reserves the right to eject and refuse acceptance of terms which are not in accordance with the instructions, specifications, drawings and/or seller’s warranty (expressed or implied). Buyer will charge seller for the cost of inspecting merchandise once rejected. Items not accepted will be returned to seller at seller’s expense. Buyer maintains the right to negotiate with the seller the additional cost of inspection, rework and repair of rejected materials. Buyer will notify Seller prior to any action by Buyer to reach a settlement on costs incurred. Payment for any article hereunder shall not be deemed an acceptance thereof. All inspection records, SPC charts and records prepared by the Seller must be supplied to the buyer upon request. Buyer’s acceptance of a portion of the material purchased shall not constitute a waiver of its right to inspect and either accept or reject any and all future deliveries.

Compliance with Laws: Seller agrees that in the performance of this order it will comply with all requirements of all federal, state and local laws and regulations, including the Fair Labor Standards Act of 1938, the Federal Occupational Safety and Health Act of 1970. Seller further agrees to indemnify Buyer from its loss, cost, damage or liability resulting from Seller’s non-compliance.

Patent Guarantee: Seller shall with respect to any device, material, item or composition of seller’s design or seller’s standard manufacture, indemnify and hold harmless buyer, its customers, employees and agents, from costs and damages as finally determined by any court of competent jurisdiction for infringement of any United States Letter of Patent, by reason of the sale or use of such device or composition.

Tools and Materials: The seller is to furnish all standard tools, taps, dies, cutters, gauges, fixtures and other equipment and machinery necessary to complete this purchase order. In the event buyer furnishes any such items, Buyer makes no guarantee whatsoever as to the accuracy of them and the Seller shall at all times abide by the specification and blueprints furnished. Title to materials, designs, tools, patterns, dies, molds, fixtures, etc. supplied by Buyer shall remain the Buyer’s property, and shall be promptly returned to the Buyer upon request. No designs, tools, patterns, blueprints, samples or other information supplied by buyer to seller for use in the manufacture of the materials contracted for shall be used in the production, manufacture, or design of any of the materials for any other purchaser or for the manufacture or production of larger quantities than those specified except with the expressed written consent of the Buyer. All such materials, designs, tools, patterns, blueprints, samples and similar items supplied by Buyer shall be kept separate from Seller’s property, shall be kept in good condition, and shall be held at Seller’s risk of loss or damage. Seller agrees to execute, if requested, a financing statement showing said items to be owned by Buyer.

Insurance and Risk of Loss: All tools, designs, patterns, drawings, samples and other property belonging to Buyer, shall while in the seller’s possession be at seller’s sole risk from loss or damage from all hazards, likewise all material until delivered and accepted at Buyer’s plant or after rejection by Buyer shall be at seller’s sole risk from loss or damage from all hazards. Before coming upon Buyer’s premises during delivery, or for repairs or installation of the materials herein specified, or for the performance of services required to be furnished by the Seller, the Seller will obtain Insurance coverage indemnifying and holding harmless Buyer, its officers and employees against loss for property damage or personal injury of whatsoever kind or nature during such delivery, installation or performance of service. Such insurance shall be for property damage and public liability and in form and amount acceptable to Buyer. Seller agrees to furnish buyer with certificates or other satisfactory evidence of such insurance coverage prior to the commencement of said work. Seller further agrees to carry proper Workman’s Compensation insurance for its own employees and will provide Buyer proof of such coverage. If this Purchase Order covers the performance of Labor for buyer, seller agrees to indemnify and protect buyer against all liabilities, claims or demands for injuries or damages to any person or property growing out of the performance of this contract.

Changes in Drawings, Specifications, Quantities or Delivery Schedules: Buyer maintains the right at all times to make changes in drawings, specifications, quantities and delivery schedules. All changes shall be confirmed by an instrument in writing. If any such change causes a variation in the cost or delivery of said items buyer must be notified in writing and written acceptance must be given by the buyer to the seller.

Prices: Seller warrants that all prices shall remain firm and fixed during the contract period as stated on the Purchase Order. In the event that materials are delivered or services performed by seller at different costs than as shown on the Purchase Order buyer will adhere only to those prices as stated on the Purchase Order.

Assignment: The seller shall not, without the buyer’s consent, assign this order in whole or in part to any other party or entity. No assignment of accounts receivable shall preclude the seller from negotiating directly with the buyer, amendments to, or settlements of this order, or impose on the buyer any obligations toward the assignee other than payment of moneys due.

Remedies: The remedies herein reserved shall be cumulative, the additional to any other or further remedies provided in law of equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.

Equal Opportunity: Seller will comply to the full extent applicable with all provision of Executive Order 11246 of September 24, 1965 as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor.

Government Regulations – Toxic Substances Control Act: To the extent that any of the items covered by this purchase order are to be used by the Purchaser in connection with its manufacture, processing, distribution in commerce, use or disposal, Seller hereby certifies and represents he has complied with all applicable rules and regulations issued under the Toxic Substances Control Act (Public Law 94-469), and will defend, indemnify and hold harmless Purchaser from and against any and all claims, losses, damages, costs and expenses resulting from or arising out of any failure to so comply with said Act.

Governing Law: This purchase order and any disputes hereunder shall be interpreted in accordance with laws of the State of Ohio.

PAYMENT SHALL BE MADE IN U.S. CURRENCY