

Standard Terms and Conditions of Sale

1. GENERAL

Dynapar and the family of encoders and resolvers known as, Dynapar, Northstar, Acuro, Hengstler, and Harowe brands are hereinafter referred to as “the Company.” All sales of the Company are subject to the following terms and conditions. Any order that contains terms and conditions in addition to or inconsistent with the following shall not be binding upon the Company unless acceptance thereof is made in writing by an authorized representative of the Company, and failure of the Company to object to provisions contained in any purchase order or other communication from Buyer shall not be construed as a waiver of these conditions nor an acceptance of any such provisions. Specific quotations showing definite quantities must be made for each order and are subject to immediate acceptance. No orders for products of the Company shall be binding upon the Company until accepted in writing by an authorized representative of the Company. The right is reserved to correct clerical and stenographic errors at any time. The Company will comply with all applicable federal, state and local laws. Without limiting the generality of the foregoing, the Company represents that the products to be furnished or the services rendered hereunder were or will be produced or performed in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act of 1938, as amended, and of all valid and applicable regulations and orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof.

2. DYNAPAR TWO YEAR WARRANTY

Dynapar, ACURO, Hengstler, Harowe and NorthStar standard products manufactured by the Company are warranted to be free from defects in workmanship and material for a period of one year from the date of shipment, and products which are defective in workmanship or material will be repaired or replaced at the option of the Company, at no charge to the Buyer. Heavy Duty product manufactured by the Company (defined as Dynapar H56, R56 & R85; Northstar RIMTach and SLIMTach) are warranted to be free from defects in workmanship and material for a period of two years from the date of shipment, and products which are defective in workmanship or material will be repaired or replaced at the option of the Company, at no charge to the Buyer. Final determination as to whether a product is actually defective rests with the Company. The obligation of the Company hereunder shall be limited solely to repair and replacement of products that fall within the foregoing limitations, and shall be conditioned upon receipt by the Company of written notice of any alleged defects, or deficiency promptly after discovery, within the warranty period, and in the case of components or units purchased by the Company, the obligation of the Company shall not exceed the settlement that the Company is able to obtain from the supplier thereof. No products shall be returned to the Company without its prior consent. Products which the Company consents to have returned shall be shipped F.O.B. the Company’s factory. The Company cannot assume responsibility or accept invoices for unauthorized repairs to its components, even though defective. The life of the products of the Company depends to a large extent upon type of usage thereof, and THE COMPANY MAKES NO WARRANTY AS TO FITNESS OF

ITS PRODUCTS FOR SPECIFIC APPLICATIONS BY THE BUYER NOR AS TO A PERIOD OF SERVICE UNLESS THE COMPANY SPECIFICALLY AGREES OTHERWISE IN WRITING AFTER THE PROPOSED USAGE HAS BEEN MADE KNOWN TO IT. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

3. MINIMUM BILLING

Minimum billing for any apparatus or parts sold by the Company shall be \$50 net price.

4. DELIVERY POINT

All prices quoted (including repairs, parts, and bases sold separately) are F.O.B. the Company's factory.

5. PACKING

All prices listed provide for standard packing for domestic shipment in accordance with The Company's standard specifications. If special packing is required for domestic shipment or for export shipment, refer to the factory or nearest District Office for price additions.

6. PRICE CHANGES

All prices in the Company's price book or other printed matter as well as written or verbal quotations are subject to change without further notice.

7. PENALTY CLAUSES

Contracts or quotations showing penalty clause for failure to meet shipment are not acceptable unless specifically approved in writing by an officer of the Company.

8. PRODUCT CHANGES

Changes in design and improvements in manufacture are constantly being made by the Company. These changes and improvements are being made whenever the Company believes the product will be improved. No obligation to incorporate these changes in units manufactured prior to the change will be assumed.

9. CANCELLATION

Cancellation of any item on an order to the Company will be accepted only on the following basis. Any items which upon receipt by the company of a written notice of cancellation are within thirty calendar days of completion, are to be completed and paid for by the Buyer in full under the regular terms and conditions of billing. Failure to complete such items within thirty calendar days, unless otherwise agreed upon shall be prima facie evidence that such items were not within thirty calendar days of completion. All items for which materials have been purchased but on which no actual production has been started will be cancelled on the basis of actual cost of materials purchased, plus 12% on the total of such cost and expenses. All items already entered for production and on which cancellation is requested, and which are not within thirty calendar days of completion, shall be paid for on the basis of actual cost of labor, materials and supplies applied to the production of such items plus proper overhead expenses determined in accordance with good accounting practice, plus 12% of the total cost and expenses, provided that such cost and expense, plus 12% shall in no case exceed 90% of the quoted price of such items. In the event of cancellation of incomplete equipment, the Company figures shall be accepted as final and conclusive and disposition of the material cancelled shall be given to the Company within thirty calendar days from date of notice to Buyer of the cost of cancellation. Failure to give the Company final disposition of cancelled material within said thirty calendar days shall constitute Buyer's agreement that the Company may dispose of the cancelled material as it sees fit without further credit to buyer or obligation of any nature by the Company.

10. DELAY

Delay in delivery of any installment shall not relieve Buyer of his obligations to accept remaining deliveries. The Company shall not be liable for damage as a result of any delay due to any cause beyond the Company's reasonable control including, without limitation, act of God, act of war, riot and delay in transportation or inability to obtain necessary labor, materials, or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay.

11. TAXES AND OTHER CHARGES

Any manufacturer's tax, retailer's occupation tax, use tax, sales tax, excise tax, duty, custom inspection or testing fee or any other tax, fee or charge of any nature whatsoever imposed by any governmental authority, on or measured by any transaction between the Company and the Buyer, shall be paid by the Buyer in addition to the prices quoted or invoiced. In the event the Company shall be required to pay any back tax, fee, or charge, the Buyer shall reimburse the Company therefore or in lieu of such payment, the Buyer shall provide the Company at the time the order is submitted with an exemption certificate or other document acceptable to the authority imposing the same.

12. PAYMENTS

Standard terms of credit are net 30 days providing satisfactory credit is established with the Company. A 1-1/2% monthly service charge (18% annually) will be added to all accounts not paid within 30 days from date of invoice. If in the judgment of the Company the financial condition of the Buyer at any time does not justify continuance of production or shipment on the terms of payment originally specified the Company may require full or partial payment in advance and in the event of bankruptcy or insolvency of the Buyer or if any proceeding is brought by or against the Buyer under the bankruptcy or insolvency laws, the Company shall be entitled to cancel any order then outstanding and shall receive reimbursement for its cancellation charges. Each shipment shall be considered a separate and independent transaction and payment therefore, shall be made accordingly. If shipments are delayed by the Buyer, payments shall become due on the date when the Company is prepared to make shipment. If the work covered by the purchase order is delayed by the Buyer payment shall be made on the purchase price and the percentage of completion. Products held for the Buyer shall be at the risk and expense of the Buyer unless otherwise agreed upon in writing. The Company reserves the right to ship to its order and make collection by sight draft with bill of lading attached or on a C.O.D. basis or any other terms approved in writing by the Company's Credit Department.

13. PATENTS

The Company shall defend any suit or proceeding brought against Buyer so far as it is based on a claim that any Company apparatus, or any part thereof furnished, when employed in the manner intended by the Company, constitutes an infringement of any patent of the United States, issued on the date hereof, if notified promptly in writing and given authority, information and assistance (at the Company's expense) for the defense of same, and the Company shall pay all damages and costs awarded therein against Buyer. In case the apparatus or any part thereof is in such suit held to constitute infringement and its use, in the manner intended by the Company is enjoined, the Company shall, at its own expense, and at its option, either: Procure the right to continue using said apparatus or replace same with non-infringing apparatus, or modify it so it becomes non-infringing or remove said apparatus and refund the purchase price and the transportation and installation costs thereof. The foregoing states the entire liability of the Company for patent infringements by said apparatus or any part thereof, and in no event shall the Company be liable if the infringement is based on the use of the apparatus for a purpose other than that for which sold by the Company. As to any product furnished by the Company to the Buyer manufactured in accordance with designs proposed, by the Buyer shall indemnify the Company against any loss, cost, expense and/or award made against the Company for any patent, trademark, or copyright infringements or alleged infringements.

14. RETURNS

Before returning material to the company's factory, a Return Material Authorization number must be obtained. Products returned without an R.M.A. number clearly marked on the outside of the shipping carton will be refused. Returnable products will be subject to a 25% restocking Charge.

15. LIMITATION OF LIABILITY

In no event shall the Company be liable for consequential or incidental damages or for any expense incurred by the Buyer attributed to any product sold hereunder.

16. FIELD SERVICE REPAIRS

All repair orders require a purchase order number from the Buyer. Warranty repairs, as determined by the Company, and the cost of estimating a repair are billed no charge.

17. CONTROVERSIES

Venue for all controversies shall be solely in the courts sitting in Chicago, IL.

