

## TERMS OF PAYMENT

Domestic accounts - Net 30.  
International accounts - Standard terms are an irrevocable letter of credit, confirmed by a Prime U.S. bank, for the full amount of the contract, valid for at least 60 days beyond the latest quoted shipping date. Other terms may be granted upon receipt of satisfactory credit references and approval by our Finance Department. Letter of credit must be received prior to release of the order to manufacturing.

Late payment charge of 1 $\frac{1}{2}$ % per month on all past due invoices and unpaid balances. Shipments and deliveries hereunder shall at all times be subject to the judgment of Seller that the financial condition of Buyer at all times justifies continuance of shipments and deliveries hereunder. If Buyer shall fail to make any payments in accordance with the terms and provisions hereof, Seller, in addition to its rights and remedies, but not in limitation thereof, may at its option, defer shipments or deliveries hereunder, or under any other contract with the Buyer, except upon receipt of satisfactory security or of cash before shipment.

## PRICE POLICY

It is G&W's policy to publish for sole use of our domestic representatives *Confidential* price lists of our Standard Products. Quoted prices are firm for 30 days (60 days international). Orders placed after 30 days (60 days international) are subject to price in effect at time of acceptance. Prices on acknowledged orders are firm for the agreed upon delivery time. Customer requests to extend originally agreed to delivery date will be subject to price escalation.

## TAXES

Any taxes which the Seller may be required to pay or collect, under any existing or future law, upon or with respect to the sale, purchase, delivery, storage, processing, use or consumption of any of the material covered hereby, including taxes upon or measured by the receipts from the sale thereof, shall be for the account of the Buyer, who shall promptly pay the amount thereof to the Seller upon demand.

## FREIGHT TERMS

Terms as stated in the attached quotation.

## MINIMUM ORDER CHARGE

Domestic destination - \$250 Net  
International destination - \$500 Net

## EXPORT PACKING

Export order for all material or devices (except compound alone) - add 5% to net price of order. Export orders for compound alone -- add 50¢ per gallon.

## TITLE AND INSURANCE

Seller assumes no responsibility for insuring shipments unless specifically requested by Buyer and then only at Buyer's expense and valuation. Regardless of freight payments, all risk of loss shall pass to Buyer upon delivery by Seller to carrier at F.O.B. point.

## WARRANTY

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER MATTER WITH RESPECT TO THE GOODS SOLD HEREUNDER. Seller warrants all goods sold hereunder to be free from defects in material and workmanship under normal use and service for a period of eighteen (18) months from the date of shipment by Seller, or twelve (12) months from date of commissioning by End-User, whichever comes first. Seller's obligation under this warranty is limited to repair or replacing, at its option, any goods, which upon inspection by Seller shall disclose to Seller's satisfaction to have been defective in material or workmanship. Buyer must return the SM-F-1, Rev. 6

goods to Seller's factory, shipping charges prepaid, with complete information as to alleged defects and the installation, operation and service of the goods.

## LIMITS OF LIABILITY

Seller shall not be liable for, and Buyer shall indemnify the Seller from liability arising from injury or damage to property or persons caused in any manner by the operation, possession or use of the goods sold hereunder. The liability of Seller arising out of the supplying of any goods, or their use, whether on warranties or claim of negligence or otherwise, shall not in any case exceed the cost of correcting defects in the goods as herein provided. Seller shall not in any event be liable for any labor expended by Buyer on any defective goods or for any special direct, indirect or consequential damages arising out of or in connection with the use or performance of the goods. Seller assumes no responsibility with respect to the capacity of Seller's goods to function as components in other products. Buyer assumes full responsibility for specifications and design of any product in which Seller's goods may become components and shall indemnify Seller against any liability attributed to any inadequacy in such specifications or design. Seller shall not be liable for misoperation or misapplication of goods sold or supplied due to unusual or abnormal electrical system disturbances.

**Important Notice:** User shall determine the suitability of the products for intended use, and assume all risk and liability in connection therewith.

## DELAY

Shipping dates are approximate and are based upon prompt receipt of all necessary information. The Seller shall not be liable for delays in delivery or failure to manufacture or deliver due to acts of God, war, riot, embargoes, acts of civil or military authorities, priorities, allocations, fires, floods, epidemics, accidents, quarantine restrictions, mill conditions, strikes, differences with workmen, delays in transportation, shortage of cars, fuel, labor, manufacturing facilities, components or materials, acts of the Buyer, or any other cause beyond the reasonable control of the Seller. 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.

## PATENTS

Seller will defend at its own expense any action brought against Buyer, to the extent that it is based on a claim that the goods furnished by Seller infringe a U.S. patent, and Seller will pay those costs and damages finally awarded against Buyer in any such action which are attributable to any such claim, but such defense and payments are conditioned on the following: (a) that Seller shall be notified promptly in writing by Buyer of any notice of such claim; and (b) that Seller shall have sole control of the defense of any action on such claim and all negotiations for its settlement or compromise; and (c) should the goods become or in Seller's opinion be likely to become the subject of a claim of infringement of a U.S. patent, that Buyer shall permit Seller at its option and expense either to procure for Buyer the right to continue using the goods or to replace or modify the same so that it becomes noninfringing. The foregoing states the entire liability of Seller with respect to infringement of patents by the goods or any part thereof. Buyer shall hold Seller harmless against any expense, judgment or loss on account of any actual or alleged infringement of any patents, copyrights or trademarks which result from Seller's compliance with Buyer's designs, specifications or instructions.

## PATTERNS AND TOOLS

Any patterns and tools heretofore or hereafter acquired specially to produce goods for Buyer shall become the property of the Seller. If Buyer does not order goods produced with such property for a period of two years, Seller may dispose of such property.

## ORDER CANCELLATION

Non-Engineered Products  
A. Standard catalogued items not yet through complete order entry, no charge.  
B. Standard catalogued items through order entry but not yet in production - \$250.00 domestic; \$500 international.  
Engineered Products  
A. Orders through order entry but not yet in engineering process - \$250.00 domestic; \$500 international.  
B. Orders in engineering process - 25% of order value plus any vendor charges levied against G&W for advanced ordered materials.  
C. Approval drawings furnished and materials advanced ordered - 35% of order value plus cost of materials ordered.  
D. Order released for production - up to 100% of order value.

## STORAGE

Equipment on which manufacture or delivery is delayed, due to any cause within the Buyer's control, may be placed in storage by Seller, for Buyer's account and risk, and regular charges therefore and expenses in connection therewith shall be paid by Buyer, but if, in Seller's opinion, it is unable to obtain, or continue with such storage, Buyer will, on request, provide or arrange for suitable storage facilities and assume all costs and risks in connection therewith.

## RETURN OF MATERIAL

No material shall be returned without first having secured approval and terms for return, along with necessary returned goods forms, from G&W Electric Co. Final acceptance of authorized returns will be made when the material is received at the factory.

## COMPLIANCE WITH LAWS

Seller certifies that the goods sold hereunder were produced in compliance with all applicable requirements of sections 6, 7 and 12 of the Fair Labor Standards Act of 1938 amended and of regulations and orders of the United States Department of Labor issued under section 14 thereof.

## GENERAL

A valid agreement binding upon Seller will only come into being as of the time a formal written acknowledgement of a purchase order is sent to Buyer by Seller. Such agreement is not assignable by Buyer without written approval of Seller. Such agreement will be governed by the laws of the State of Illinois. Waiver by Seller of a breach of any of the Terms and Conditions of this or any other agreement with Buyer shall not be construed as a waiver of any other breach.

## ENTIRE AGREEMENT

These Terms and Conditions constitute the entire agreement between Seller and Buyer, and such agreement may not be modified or amended except by a writing executed after the date hereof by an authorized officer of Seller. Seller shall not be bound by any terms of Buyer's purchase order forms or other documents which attempt to impose conditions at variance with Seller's Terms and Conditions of Sale set forth herein unless the same shall be specifically agreed to in writing by an authorized officer of Seller. Seller's failure to object to the provisions contained in any of Buyer's forms shall not be deemed a waiver of the provisions of these Terms and Conditions which shall constitute the entire agreement between the parties.

## INSTALLATION, SERVICING OR ERECTION

Installation, erection or servicing of the equipment or supervision thereof by Seller, if specified or requested by Buyer, is available. Contact Factory for terms and conditions.