



ABC COMPOUNDING CO, INC. PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE OF CONTRACT:** Buyer shall not be bound by this order until Seller executes and returns to Buyer the acknowledgement copy of the order. Seller shall be bound by this order and its terms and conditions when it executes and returns the acknowledgement or when it delivers to Buyer any of the items ordered or render for Buyer any of the services ordered herein. No contract shall exist except as herein above provided.
2. **AMMENDMENTS:** No agreement or understanding to modify this contract shall be binding upon the Buyer unless in writing and signed by Buyer's authorized agent. All specification, drawing, and data submitted to Seller with this order are hereby incorporated herein and made a part hereof.
3. **CHANGES:** The Buyer reserves the right at any time to make changes in any one or more of the following: Specifications, drawings and data incorporated in this contract where the items to be furnished are to be specially manufactured for the Buyer; methods of shipment or packing; place of delivery; and time of delivery.
4. **DELIVERY:** Time is of the essence in this contract, and if delivery of items or rendering of services is not completed by the time promised, the Buyer reserves the right without liability, in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller, as to stated items not yet shipped or services not yet rendered, and to purchase substitute items or services elsewhere and charge the Seller with any loss incurred. Any provisions herein for delivery of articles or the rendering of services by installments shall not be construed as making the obligations of Seller severable. Shipments sent C.O.D. without Buyer's written consent will not be accepted and will be at Seller's risk.
5. **INSPECTION:** Material or equipment purchased hereunder are subject to inspection and approval at the Buyer's destination. Buyer reserves the right to reject and refuse acceptance of items which are not in accordance with the instructions, specifications, drawings and data or Seller's warranty (express or implied). Buyer will charge Seller for the cost of inspecting merchandise rejected. Items not accepted will be returned to Seller at Seller's expense. Payment for any article hereunder shot not be deemed an acceptance thereof.
6. **ADVANCE MANUFACTURE AND SHIPMENTS:** Seller shall not manufacture in advance of Seller's formal Flow Time or delivery any material in advance of the schedule set forth in this order without Buyer's written permission. Buyer reserves the right to return shipping charges collect, all material received at Buyer's plant in advance of the schedule shown in this order. Seller may request Buyer's written consent to advance manufacture and/or delivery at time of returning acknowledgement of the purchase order.
7. **QUANTITY VARIATION:** Items for which Seller must establish production schedules may vary in quantity by an overrun of up to 10% of the stated order quantity but may not be less than the ordered quantity without Buyer's written permission.
8. **WARRANTY:** By accepting this order, Seller hereby warrants that the items and services to be furnished hereunder will be in full conformity with Buyer's specifications, drawings and date, or Seller's samples and that items furnished hereunder will be fit for the use intended by Buyer. Seller agrees that this warranty shall survive acceptance of the items. Said warranties shall be in addition to any warranties of additional scope given to Buyer by Seller.
9. **PROPERTY FURNISHED TO SELLER BY BUYER:** Unless otherwise agreed in writing, all special dies, molds, patterns, jigs, fixtures, and any other property furnished to the Seller by the Buyer, or specifically paid for by the Buyer or use in the performance of this contract, shall be and remain the property of the Buyer, shall be subject to removal upon the Buyer's instruction at no cost to Buyer except cost of transportation, shall be used only in filing orders from the Buyer, shall be held at the Seller's risk, and shall be kept insured by the Seller at the Seller's expense while in its custody or control in an amount equal to the replacement cost thereof, with loss payable to the Buyer. Copies of policies or certificates of such insurance will be furnished to Buyer on demand. Seller's invoices for special tools, dies, jibs, fixtures, molds, patterns, and the like shown as a separate item on the face of this order will not be paid by Buyer until production quantities of samples are received from Seller and are accepted by Buyer.

10. **PATENTS:** Seller undertakes and agrees to defend at Seller's own expense, all suits, actions or proceedings in which Buyer, any of Buyer's distributors or dealers, or the users of any of the Buyer's products are made defendants for actual or alleged infringement of any U.S. or foreign patent or violation of any third party property rights resulting from the use or sales of the items purchased hereunder (except infringement necessarily resulting from adherence to specifications or drawings, other than those of Seller's design or selection, originally submitted to Seller by Buyer) and further agrees to pay and discharge any and all judgement or decrees which may be rendered in any such suit, action, or proceeding, against such defendants therein.
11. **RIGHTS IN DATA:** Buyer retains ownership of all proprietary data disclosed to Seller by Buyer in connection with this purchase order. Seller shall not disclose proprietary data to others, except where prior to disclosure to Seller by Buyer (a) proprietary data is already known to the public or (b) Seller had knowledge of proprietary data. For this Paragraph, "proprietary data" means all design, engineering, and technical information (whether patentable or not) and other information concerning Buyer's trade secrets; such other information includes, but is not limited to secrets of the manufacture contained in Buyer's manufacturing methods or processes, treatments and chemical composition, plant layout and tooling, to the extent that such other information is not disclosed by inspection or analysis of the goods covered by the purchase order.
12. **PRICE:** Buyer shall not be billed at prices higher than stated on this purchase order, unless authorized by a Purchase Order modification issued and signed by the Buyer. Seller represents that the price charged for the items or services covered by this order is the lowest price charged the Seller to buyers of a class like Buyer under conditions like those specified in this order and that prices comply with applicable government regulations in effect at time of quotation, sales or delivery. Seller agrees that any price reduction made in merchandise covered by this order after the placement of this order will be applicable to this order.
13. **NOTICE OF LABOR DISPUTES:** Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay its timely performance under this purchase order, Seller will immediately give written notice thereof to Buyer.
14. **REGULATORY COMPLIANCE:** In accepting this order, Seller represents on a continuing basis to comply with the provisions of all treaties, federal, stated, and local laws and regulations from which liability may accrue to Buyer from any violation thereof. By acceptance hereof, Seller certifies compliance with the "Fair Labor Standards Act" of 1938, as amended, the Equal Employment Opportunity clause in Section 2020 of the Executive Order 11246.
15. **TERMINATION:** Buyer may, at any time, terminate this order in whole or in part by written or electronic notice, or verbal notice confirmed in writing. If this order is terminated for convenience, any claim of Seller shall be settled based on reasonable costs it has incurred in the performance of this order. If, however, termination is occasioned by Seller's breach of any condition hereof, including breach of warranty, or by Seller's delay, except due to considerations beyond the Seller's control and without Seller's fault or negligence, Seller shall not be entitled to any costs, and Buyer shall have against Seller all remedies provided by law and equity.
16. **O.S.H.A. CAPITAL CONSENSUS STANDARDS:** Seller represents and warrants that the items being purchased hereunder comply with the standards and other regulations of the Occupational Safety & Health Act.