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BAL/ITW VENDOR PURCHASE ORDER TERMS AND CONDITIONS

- 1. Acceptance Agreement.** Seller's commencement of work on the goods subject to this purchase order or shipment of such goods, whichever occurs first, shall be deemed acceptance of this purchase order. Any acceptance of this purchase order is limited to acceptance of the express terms contained on BAL'S website, www.BAL.com. Any quote or 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, and this offer shall be deemed accepted by Seller without said additional or different terms. If an ITW purchase order shall be deemed an acceptance of a prior quote or offer by Seller, such acceptance is limited to the express terms contained on the face and on the back hereof.
- 2. Termination for Convenience of Purchaser.** Purchaser reserves the right to terminate this order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid actual direct costs resulting from termination. Seller shall not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Seller's suppliers or subcontractors which Seller could reasonably have avoided.
- 3. Termination for Cause.** Purchaser may also terminate this order or any part hereof for cause in the event of any default by the Seller or if the Seller fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of products which are defective or which do not conform to this order, and failure to provide Purchaser, upon request, of reasonable assurances of future performance shall all be causes allowing Purchaser to terminate this order for cause. In the event of termination for cause, Purchaser shall not be liable to Seller for any amount, and Seller shall be liable to Purchaser for any and all damages sustained by reason of the default which gave rise to the termination.
- 4. Proprietary Information Confidentiality Advertising.** Seller shall consider all information furnished by Purchaser 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 also apply to drawings, specifications, or other documents prepared by Seller or the like for Purchaser in connection with this order. Seller shall not advertise or publish the fact that Purchaser has contracted to purchase goods from Seller, nor shall any information relating to the order be disclosed without Purchaser's written permission.
- 5. Ownership of Inventions.** All drawings, know-how, designs, confidential information, and the like disclosed to Seller by Purchaser and all rights therein will remain the property of Purchaser and will be kept confidential by Seller in accordance with these terms and conditions. The Seller shall have no claim to, nor ownership interest in, any information provided or communicated by the Purchaser, and such information, in whatever form and any copies thereof, shall be promptly returned to the Purchaser upon written request from the Purchaser. Seller acknowledges that no license or rights of any sort are granted to Seller under this Agreement in respect of any rights in Purchaser's information, developments, devices, processes, or other intellectual property arising therefrom. Should the Seller perform development work in producing the material covered by this Purchase Order, the Purchaser shall receive a full and complete, worldwide, non-exclusive, royalty-free license to make, have made, use or sell any intellectual property developed through such development work.
- 6. Equipment.** All tool, dies or any equipment ("devices") furnished to Seller by Purchaser, or specifically paid for by Purchaser, shall be the Purchaser's property and it is understood and agreed that these devices may be inspected and/or removed by Purchaser at any time Purchaser desires to do so without additional cost. These devices shall be used only for purposes of manufacture of products to be sold to Purchaser. Seller shall bear any taxes assessed against such devices and the full cost of preparing and crating for shipment as directed by Purchaser upon

completion of such orders as Purchaser may give. The devices shall be kept free of liens and encumbrances at all times, without expense to Purchaser. The devices shall not be removed from Seller's plant without Purchaser's consent. Payment for invoices for such devices are subject to Purchaser written approval of samples from such devices. Production samples must have written approval before any production shipments are made unless a written exception to this rule is submitted by Purchaser's authorized representative. Seller shall return all such devices, including all tooling, dies and equipment immediately upon the written request of the Purchaser. If Seller fails to return any such items, Seller shall be liable to the Purchaser for any damages arising out of such retention, including all attorneys' fees and costs that may be required to obtain the return of the Purchaser's property.

7. **Infringement Indemnification.** The Seller agrees to defend, indemnify and hold the Purchaser, its successors, assigns, agents and users of its products and processes harmless against any claims, costs, damages, liability and expenses resulting from actual or alleged patent, trademark, or copyright infringement, misappropriation of confidential information, or violation of any other intellectual property right, domestic or foreign, in the manufacture, use or disposition of any article or material supplied hereunder.
8. **Warranty.** Seller expressly warrants that all goods or services furnished under this Agreement shall conform to all contract specifications and appropriate standards, that the goods will be new, and will be free from defects in material or workmanship. Seller warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods or services, and that any goods will be adequately contained, packaged, and marked and labeled in accordance with Purchaser's requirements and all laws relating thereto. Seller warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services 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 or services, Seller warrants that such goods or services will be fit for such particular purpose. Seller warrants that goods or services furnished will conform in all respects to samples provided to Purchaser. Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect the Seller's obligation under this warranty, and such warranty 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. In addition to all other remedies, Seller agrees to replace or correct defects in any goods or services not conforming to the foregoing warranty promptly, without any 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 or services promptly, Purchaser, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Purchaser in doing so. Seller shall be liable for incidental or consequential damages resulting from failure to conform to any contract specifications.
9. **Price Warranty.** Seller warrants that the prices for the articles sold Purchaser hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Seller reduces its price for such article during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that prices shown on this purchase order shall be complete, and no additional charges of any type shall be added without Purchaser's express written consent. Prohibited additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing or crating.
10. **Force Majeure.** Purchaser may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such goods at the direction of the Purchaser and shall deliver them when the cause affecting the delay has been removed. Purchaser shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this agreement at Purchaser's request. Causes beyond Purchaser's control shall include, but are not limited to, government action or failure of the government to act where such action is required, fire, flood, transportation difficulties or unusually severe weather.
11. **Insurance.** In the event that performance of services by Seller's employees, or persons under contract to Seller, is to be done on Purchaser's property, or property of Purchaser's customers, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of the Purchaser. Seller shall maintain all necessary insurance coverages, including public liability and Workers' Compensation insurance. Seller agrees to name Purchaser as an ADDITIONAL NAMED INSURED on any of its primary and excess insurance policies for either product liability or general liability coverage arising out of the sale of any goods or performance of work under this Agreement. Seller shall furnish to Purchaser a certificate of insurance evidencing this coverage, but failure of the Seller to provide such certificate shall not be deemed a waiver of this requirement. Seller shall indemnify and save harmless and defend Purchaser from any and all claims

or liabilities arising out of the work covered by this paragraph.

12. **Indemnification.** Seller shall defend, indemnify and hold harmless Purchaser against all damages, claims or liabilities and expenses (including attorneys' fees) arising out of or resulting in any way from any breach of warranty or actual or alleged defect in the goods or services purchased hereunder, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller.
13. **Changes.** Purchaser shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this Agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.
14. **Inspection/Testing.** 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 and goods supplied in excess of quantities called for herein 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 nonconformities are not apparent on examination, Purchaser reserves the right to require replacement, as well as payment of damages. Nothing contained in any purchase order shall relieve in any way the Seller from the obligation of testing, inspection and quality control.
15. **Entire Agreement.** The purchase order, and any documents referred to on the face hereof, constitute the entire agreement between the parties.
16. **Assignments and Subcontracting.** No part of this order may be assigned or subcontracted without prior written approval of Purchaser.
17. **Set-off.** All claims for money due or to become due to Seller shall be subject to deduction or set-off by the Purchaser by reason of any claim arising out of this or any other transaction with Seller.
18. **Shipment.** 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 purchase order, any increased transportation costs resulting therefrom shall be paid for by Seller, unless the necessity for such rerouting or expedited handling has been caused by Purchaser.
19. **Waiver.** Purchaser's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or Purchaser's waiver of any breach hereunder shall not thereafter waive any other terms, conditions, or privileges, whether or not of the same or similar type.
20. **Delivery.** Time is of the essence in this contract, and if delivery of items or rendering of services is not or will not be completed by the time promised, Purchaser reserves the right, without limitation or liability, in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller as to items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller with any loss incurred.
21. **Limitation on Purchaser's Liability Statute of Limitations.** 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 agreement or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof, which gives rise to the claim. Purchaser shall not be liable for penalties of any kind or description. Any action resulting from any breach on the part of Purchaser as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.
22. **Compliance with Laws.** Seller guarantees that all goods delivered or services performed (including production of such goods) by Seller pursuant to an order will comply with all applicable federal, state and local laws, ordinances and regulations to the extent applicable to such goods and/or services and Seller shall indemnify Purchaser, its customers (if any) and users from and against any and all claims, or liability arising from failure of such goods and/or services to comply therewith. Without limiting the generality of the foregoing regulations, rulings or executives orders thereunder (or any amendments thereof, successors thereto, or other similar laws and regulations), any and all such provisions are incorporated herein by reference. Applicable laws, regulations, rulings

and executive orders include, but are not limited to, the following:

- a. The Fair Labor Standards Act (29 U.S.C. 201-219);
 - b. Executive Order 11246 as amended, the Rehabilitation Act of 1973 as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 as amended, and their implementing regulations at 41 CFR Part 60. Seller also agrees to comply with Executive Order 13201 and its implementing regulation at 29 CFR Part 470;
 - c. Occupational Safety and Health Act of 1970 (84 U.S. Stat 1590), as amended and state plans approved under such act and the regulations thereunder; and the
 - d. Veterans Compensation, Education and Employment Amendment of 1982.
23. **Settlement of Disputes.** Purchaser has a right to all remedies provided by law in connection with the purchase order and such remedies shall be cumulative. A waiver of a breach of any purchase order provision shall not constitute a waiver of any other breach of this purchase order.
24. **Applicable Law.** This agreement shall be governed and interpreted by the State of California, U.S.A., and not the United National Convention for International Sale of Goods. All disputes involving this agreement shall be adjudicated in San Jose, California, U.S.A.
25. **Waiver of Jury Trial.** Each party waives, to the fullest extent permitted by law, the right to trial by jury in any legal proceedings arising out of or relating to this Agreement.
26. **Fees and Costs.** In any arbitration or legal action filed under this Agreement, the prevailing party will be entitled to all of its fees and costs, including reasonable attorney's fees.