

Cleveland Gear Company, Inc.

A SUBSIDIARY OF INDUSTRIAL MANUFACTURING COMPANY, LLC

3249 E. 80th Street
Cleveland, OH 44104



Standard Terms and Conditions of Sale

These terms and conditions and those on the reverse hereof constitute the final agreement of any Buyer and Seller with respect to goods and services (the "Products") furnished by Seller and may not be modified or superseded except by written agreement signed by Seller, notwithstanding any other, additional or modifying terms and conditions appearing in Buyer's Purchase Orders or other forms or communications (all of which are objected by Seller to without further notification) and notwithstanding any shipments, tenders of delivery, acceptance of payments or other acts of Seller. Any performance to or for Buyer by Seller shall constitute or effect Buyer's acceptance of these terms and conditions.

1. **Quotations.** The Cleveland Gear Company, Inc. (Seller) may make quotations orally or in writing. Oral quotations which are not confirmed in writing by Seller expire automatically within 24 hours unless Seller prior receives Buyer's effective and responsive purchase order. Each written quotation, including a written confirmation of an oral quotation, expires automatically within 30 days after the date appearing on the quotation unless Seller prior receives Buyer's effective and responsive purchase order. Any quotation is subject to change by Seller at any time upon oral or written notice to Buyer unless Seller has received Buyer's purchase order before a quotation's expiration date.
2. **Acceptance of Buyer's Orders.** Notwithstanding any contrary language of Buyer's order, Buyer's order shall be subject to acceptance by an authorized employee of Seller at Seller's facilities (the "Plant"), whose acceptance is expressly made conditional on Buyer's assent to these Terms and Conditions and the terms and conditions on the reverse hereof and on Buyer's agreement that such terms and conditions collectively constitute the sole terms and conditions with respect to Buyer's order. Seller reserves the right at any time to correct clerical, stenographic or other errors in quotations, purchase orders or acknowledgements. Prices accepted by Seller includes Buyer accepting, where applicable, over-runs or under-runs not exceeding Ten percent of the quantity ordered to be paid for or credited to Buyer's account.
3. **Price Changes.** Seller's prices remain firm with respect to all orders that are released by Buyer and scheduled for shipment by Seller within six months after the date of Buyer's purchase order. All orders, or portions thereof, either released by Buyer or scheduled for shipment after this six-month period will be priced at the higher of (a) the original contract price or (b) prices in effect at the time of shipment.
4. **Taxes.** Any and all sales, use or other transfer taxes assessed upon any sale or Product sold or leased which Seller is obligated to prepay, pay or collect will be added (when known) to the purchase price of the Products, in any event, Buyer will pay or reimburse Seller for the same on demand.
5. **Payment Terms:** If Buyer is located within the continental United States, payment terms are net 30 days, subject to credit approval by Seller. If Buyer is located outside the continental United States, special payment or credit terms may be available or required upon consultation with an authorized employee of Seller's at Plant. Time and terms of payment are of the essence, and if any default therein is made by Buyer, or if the financial responsibility of Buyer at any time becomes impaired or unsatisfactory to Seller, or if Buyer commits an act that could make Buyer the subject of a proceeding under applicable law for relief of debtors, Seller shall have the right, without liability on Seller's part and without prejudice to any other legal rights or claims Seller may have, to terminate without notice or to defer or discontinue further shipments until past due payments are made or satisfactory assurance of Buyer's financial responsibility is received by Seller. Interest on all past due accounts will be charged at the rate of One and One-Half percent per month (18% per annum), or at such lower rate as is the maximum permitted under the applicable law, until the delinquency is cured. Seller may, at Seller's discretion, demand cash upon delivery.
6. **Developmental Costs and Special Tooling.** Buyer shall pay the developmental costs or the cost of any specially designed or specialized tools, dies, patterns, jigs, fixtures, etc. ("Special items") used, manufactured or purchased by Seller to complete Buyer's order(s). Such payment shall be made in advance of Seller's completion of the order(s), within ten days of Seller invoicing Buyer for such costs. Special items shall be the sole property of Seller, and Buyer's payment therefore shall not convey any title or right thereto nor entitle Buyer to remove same from Seller's possession. Specific goods appearing in Seller's catalog may require Special Items.
7. **Shipment Terms.** All shipments will be F.O.B. Shipping Point or Manufacturing Plant as designated by Seller. Seller is entitled, but not obligated to prepay freight, in which event freight shall be added to and be part of the purchase price of the Products. Seller shall also be entitled to impose additional charges for the completion, at Buyer's request, of forms or other special items, with respect to shipping. Unless Buyer timely directs, in writing, the method of shipment, Seller will determine the method of shipment.
8. **Packaging.** At no additional charge, all products shall be packaged for domestic shipment in accordance with Seller's standard specifications. Additional charges may be imposed for special domestic packaging, overseas packaging, or special marking performed at Buyer's request.
9. **Delivery, Title and Risk of Loss.** Acceptance of shipment by a common carrier, or designated shipper, or licensed public truckman, allocation of Products to Buyer at premises other than Seller's delivery to Buyer's representative or designee (if Seller's trucks and drivers effect such delivery), or mailing of an invoice by Seller to Buyer, whichever of the foregoing first occurs, shall constitute tender of delivery. Upon tender of delivery, title shall pass to Buyer, subject to Seller's right of stoppage in transit and to any interest of Seller reserved to secure Buyer's payment or performance. In the instance of Products held subject to Buyer's instructions, Products for which Buyer has failed to supply shipping instructions, or in any case where Seller, in its sole discretion, determines any part of the Products should be held for Buyer's account, Seller may invoice the Products and Buyer agrees to make payment at the maturity of the invoice so rendered. Products invoiced and held at any location, for whatever reason, shall be at Buyer's risk and Seller may charge for (but is not obligated to carry) insurance and storage at its prevailing rates. Partial deliveries shall be accepted by Buyer and paid for at contract prices and terms. When Buyer has declared or manifested an intention not to accept delivery in accordance with any order, no tender shall be necessary but Seller may, at its option, give notice in writing to Buyer that Seller is ready and willing to deliver and such notice shall constitute a valid tender of delivery. Seller assumes no responsibility for placing a value upon any shipment.
10. **Delays or Default In Delivery.** Seller shall have no liability whatsoever for Seller's delay or default in delivery due to strikes and other labor difficulties, riots, wars, accidents, fires, floods, explosions, vandalism, government embargoes, priorities or regulations, transportation delays, shortages (of normal sources) of labor, fuel, materials, supplies, power or transportation facilities or other similar or dissimilar causes beyond Seller's control. Under no circumstances shall Seller have any liability for penalties or other consequential or incidental damages of any kind resulting in whole or in part from Seller's delay or default in delivering any Product to Buyer as agreed. If during the occurrence of any of the foregoing contingencies, Seller holds any of the Products, Seller may invoice and hold the same for the account of Buyer and Buyer agrees to make payment at the maturity of the invoice so rendered. Claims for shortages or non-conformity of the Products delivered must be presented by Buyer to Seller within ten days of the date of delivery. In such case, the weight(s) of the delivery Product(s) must be provided along with a description of the method used to arrive at such weight(s) and the number of parts or Product(s).
11. **Cancellation.** After Seller accepts Buyer's purchase order by mailing Seller's written acknowledgement, Buyer shall not be entitled to cancel or terminate all or any portion of the purchase contract except upon Buyer's payment of cancellation charges equal to (a) all costs and commitments that Seller has then made or incurred plus (b) Seller's usual profit thereon. Such cancellation charges shall be paid to Seller in cash within ten days after written demand by Seller.
12. **Patent Infringement.**
 - (A) With respect to all Products manufactured to Buyer's specifications, Buyer shall indemnify and hold Seller harmless from and against any and all losses, costs, expenses (including, without limitation, court costs, litigation expenses, and attorney's fees), claims, demands, suits and judgments resulting from actual or alleged patent infringement.
 - (B) With respect to all other Products sold by Seller, Seller shall defend any suit or proceeding brought against Buyer on a claim that such a Product, or any part thereof, when employed in the manner intended by Seller infringes any U.S. patent and, if Buyer notifies Seller promptly in writing and gives all control and all necessary information, assistance and authority to defend same, Seller shall pay all damages and costs awarded against Buyer as a result thereof. If a court finds (finally) such an infringement and the use of any Product, or part thereof, in the manner intended by Seller, is enjoined, Seller will, at its expense, at its option: (a) procure for Buyer the right to continue using the Product or part, (b) replace the Product or part with a non-infringing Product or part, (c) modify the Product or part so that it becomes non-infringing, or (d) remove the Product or part and refund Buyer's purchase price and transportation costs. Seller shall have no further liability to Buyer for actual or alleged patent infringement.
13. **Statutory, Specification Compliance.** Seller certifies that the items of Products manufactured by it were produced in compliance with all applicable requirements of the Fair Labor Standards Act of 1938, as amended, and the Regulations and Orders of the Administrator of the Wage and Hour Division issued under Section 14 thereof. Seller continues to attempt to comply with all applicable Ohio and federal laws or the local laws of the state(s) of manufacture. However, Seller is not responsible for compliance with any laws or regulations applicable to the Products or their use (including without limitation OSHA and similar state laws and regulations), or with any product standard or specifications, whether of general or particular application, unless Buyer has furnished, and Seller has acknowledged in writing, specific written notice thereof prior to Seller's entry of Buyer's order. Price and delivery shall be subject to adjustments to compensate for compliance by Seller with such laws, order, regulations, requirements, standards or specifications.
14. **Product Warranty Limitation.** Seller warrants (a) that the Products will conform (subject to industry variations) to the descriptions, provided by Seller, on the face hereof and to the written specifications, if any, furnished by Buyer and accepted by Seller, (b) that Seller will convey good title to the Products free from any lawful security interest or other lien or encumbrance unknown to Buyer and arising through Seller and (c) that the Products will remain free of defects in material and workmanship for one year from the date of tender of delivery, provided that the Products are properly stored, handled and cared for, installed in accordance with sound engineering practice, properly operated under normal conditions, with competent supervision, maintained in compliance with Seller's maintenance recommendations (if applicable) and not subjected to alteration, accident, damage, wear and tear beyond tolerances, abuse, misuse or misapplication. Seller's obligations under this Warranty shall be conditioned upon Buyer's notifying Seller of any alleged defect(s) promptly after discovery and upon Seller's satisfying itself upon inspection that its Warranty has been breached. At Seller's request, Buyer shall make each allegedly defective Product available for Seller's inspection or shall, if so directed by Seller, return each such Product to the Plant. In the event of any breach of warranty hereunder Seller shall repair or replace the defective Product at Seller's expense other than freight both ways which must be prepaid by Buyer, except that in lieu of repairing or replacing as aforesaid Seller may elect to discharge its obligation to Buyer by crediting Buyer's account in a reasonable amount on account of the defect but in no event in an amount greater than the paid purchase price of the defective Product. THE OBLIGATIONS SET FORTH IN THE PRECEDING SENTENCE ARE SELLER'S SOLE OBLIGATIONS AND BUYER'S EXCLUSIVE REMEDY, SELLER MAKES NO OTHER WARRANTY, IMPLIED OR EXPRESS, AND NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. ANY BUYER OR USER'S SOLE REMEDY IN EVENT OF BREACH OF THE WARRANTIES WHICH ARE MADE BY SELLER IS REPLACEMENT OF THE GOODS F.O.B. SELLER'S PLACE OF BUSINESS OR CREDIT AS SET FORTH HEREIN; WITH THIS SOLE EXCEPTION, SELLER SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND ANY BUYER OR USER HEREBY WAIVES FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS (A) ANY AND ALL CLAIMS FOR PUNITIVE DAMAGES AND (B) ALL CLAIMS OF NEGLIGENCE OR STRICT LIABILITY OR BOTH. IN NO EVENT WILL SELLER'S LIABILITY EXCEED THE PURCHASE PRICE OF THE GOODS WHICH IS ACTUALLY PAID TO SELLER. Buyer (a) recognizes that the provisions of this Warranty and Limitation are a material factor in Seller's sale of the Products at the price specified, and (b) agrees that any accommodation to Buyer by Seller, whether for sales policy reasons or otherwise, shall not be taken to establish any liability of Seller or any contract term inconsistent herewith. Seller's warranties are given only to purchasers who buy for resale or for industrial or commercial use.
15. **Product Defect Notification.** Buyer shall notify Seller within a reasonable period of time not to exceed 30 days, of any claim (made known to Seller) of any person that any Product was defective or caused injury to person or property. In the event that recovery is sought from Seller, Buyer shall indemnify and hold Seller harmless from any claim, judgment or settlement for any injuries resulting from the Product(s) being improperly stored, handled and cared for, installed not in accordance with sound engineering practices and safety practices, improperly operated, operated without competent supervision, maintained not in compliance with Seller's recommendations (if applicable), altered, damaged, abused, misused, misapplied, or used when tolerances are no longer maintained.
16. **Returns.** No products shall be returned to Seller, whether for inspection, repair, replacement or any other reason, without prior written consent from an authorized individual at Seller's Plant, district office or representative.
17. **Modification; Waiver.** This order may not be modified except by an instrument in writing signed by authorized employees of Buyer and Seller expressly referring hereto. No waiver by Seller of any breach of any provision hereof will constitute a waiver of any other breach of such or any other provision.
18. **Applicable Law.** The local laws of the State of Ohio shall apply to define and interpret the rights and obligations of Buyer and Seller. Buyer and Seller consent to the jurisdiction of the courts of the State of Ohio and to venue in Cuyahoga County.