

# GATES ALBERT, INC. TERMS & CONDITIONS

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## CONDITIONS OF SALE AND MANUFACTURING PRACTICES

General conditions of sale: "We rely on full disclosure of all information necessary to produce the part or complete the contract. Failure of Buyer to provide Seller with all delivery schedules, raw materials, specifications, dimensions or other relevant information will void this contract and Seller may then cancel or modify quotation at Seller's option. Any changes in the above will be grounds for renegotiations of price, delivery or other conditions of sale."

### No. 1 - TERMS OF CONTRACT

Unless Buyer shall notify Seller in writing to the contrary by certified mail, return receipt requested, within three days after receipt of this acknowledgment by Buyer, acceptance of the terms and conditions hereof by Buyer shall be indicated and in the absence of such notification, the sale and shipment by Seller of the goods covered hereby shall be conclusively deemed to be subject to the terms and conditions hereof and no other.

### No. 2 - SHIPMENT TERMS

FOB: shipping point.

### No. 3 - QUOTATIONS AND ACCEPTANCE

Unless otherwise stated, all quotations are for immediate acceptance and subject to change without notice. All orders and contracts are subject to acceptance only at Seller's home office. Typographical errors are subject to correction.

### No. 4 - CREDIT

Accounts will be opened only on approved credit. Seller reserves the right to decline delivery except for cash, whenever doubt as to Buyer's financial condition develops.

### No. 5 - CANCELLATION

Orders may be canceled or deliveries deferred by Buyer with written consent of Seller only upon the condition that Buyer assumes immediate liability and makes payment to Seller for all work complete at the unit sales price; work in process on the basis of the percentage of completion thereof times the unit sales price; raw material, unamortized tooling, engineering and other cancellation charges incurred or the basis of cost to Seller plus handling and overhead charges. All cancellation charges to be determined at the time of cancellation or deferment.

### No. 6 - QUANTITIES

All quotations are based on Buyer accepting over-run or under-run on each individual item not exceeding 10% of quantities ordered. Where closer control of quantity is required special arrangements must be made.

### No. 7 - DELIVERIES

Seller does not assume responsibility for damages due to default or delay in production or delivery of all or any portion of any contract resulting directly or indirectly from (A) accident to, or breakdowns of Seller's plant machinery or equipment; labor disputes; embargoes; fire; riots; national emergency; delays of suppliers; carriers; or governmental restrictions, prohibitions, or allocations; or (B) any cause beyond the control of Seller. In no event shall Seller be liable for any consequential, special, or contingent damages arising out of Seller's default or delay in filling this order.

Unless otherwise agreed between Buyer and Seller, orders are accepted for delivery as fast as manufactured by complete shipment packed in bulk. If either party has the right to make or demand delivery in lots, the price may be demanded for each lot.

### No. 8 - SAMPLES

If requested, Seller will submit samples for approval at a separately quoted price and delivery.

### No. 9 - CLAIMS

If Buyer claims delivery of material not as ordered, he must notify Seller within fifteen (15) days of receipt of shipment. If such claim is sustained, Seller shall repair, replace, credit or complete order within the limitations of NO. 6-QUANTITIES. Charges for repair or inspection of parts by Buyer without prior authorization cannot be honored. Seller shall have the option of inspecting the goods on Buyer's premises or of taking back the goods and deciding whether to replace goods or credit Buyer.

Claims for shortage of goods must be presented within fifteen (15) days from the date of receipt of goods and must state the packing slip number, weight including tare and the method used in arriving at a count of the parts. Any claim for error in weight or shortage not presented in accordance with this provision will conclusively be deemed waived.

Seller will not allow claims on those goods further processed by Buyer resulting in change of dimensions or characteristics from parts as ordered.

#### **No. 10 - TOLERANCES**

All dimensions must be limited to a specific tolerance. When not specified, it is understood that commercial tolerance apply:

Decimal .xxx Plus or minus .005 Angles Plus or minus 1/2 degree  
Dimensions .xx Plus or minus .010" Surface Finish 125 micro inches  
Fractional Dimensions Plus or minus 1/64" Intersecting Surfaces: Fillets .020" Max.  
Corners .020" Max. Radius or Chamfer

Drilled hole tolerances will be open unless otherwise specified by Buyer. Samples are to be considered as denoting fractional dimensions, unless otherwise specified and dimensions of samples will be considered "mean" dimensions. Where there is cross drilling, slotting and similar operations specified, the location will be without relation to other dimensions unless otherwise specified.

When Buyer purchases to his own specification, Seller will not be responsible for the design and fitting of parts.

Concentricity requirements, if any, must be specified separately from dimension and will be subject to inspection only at the point where the relation is shown on the blueprint. When concentricity limitation is specified, it is understood that it means the actual eccentricity allowable between the center lines of the dimensions, which is one-half of a dial reading registration. When concentricity is not specified, the work will be manufactured in the most economical manner without particular regard to concentricity.

#### **No. 11 - THREADS**

Unless otherwise specified, threads will be of the American National or Unified form and will be made to Class 2A and Class 2B Fit tolerances. When Buyer specifies threads other than sizes in the Coarse Thread Series or Fine Thread Series or in other classes of tolerances or limits, gages are to be furnished by Buyer or charged for by the Seller.

INTERNAL THREADS: Unless dimensional limits for minor diameter of tapped holes are specified, the percent of full depth thread will be in accordance with regularly accepted general practice. Unless otherwise specified, blind tapped holes may not have a full thread closer than five threads from the bottom and in case of fine pitches, not closer than 5/32".

#### **No. 12 - GAGES**

Where dimensions cannot be readily gaged with conventional available gaging and special gaging is required such gages may be furnished by Buyer or supplied by Seller at an extra charge. In the case of threads, the inspection gages shall conform to the limits specified by the latest National Bureau of Standards Handbook H28, as supplemented, entitled "Screw Thread Standards for Federal Services for Inspection Gages."

#### **No. 13 - INSPECTION**

Inspection by Seller is made on a percentage basis only. If 100% inspection is required it is at Buyer's expense. Acceptable quality levels including the designation of sampling plans shall be established by Buyer in writing prior to quotation by Seller. Otherwise Seller reserves the right to adjust his quotation or delivered part price in consideration of a subsequent establishment of an A.Q.L. by Buyer.

#### **No. 14 - DIES, TOOLS, ETC.**

Tools, dies, jigs, fixtures, gages, and their engineering and design, are integral parts of Seller's manufacturing processes. Therefore, separate quotation to, or payment by Buyer for these items, supplied by Seller, conveys neither ownership nor the right of removal from Seller's factory.

#### **No. 15 - SHIPMENT**

In ordering, Buyer should state explicitly the method of shipment preferred and, in the absence of shipping directions, Seller will use discretion forwarding by air or rail express, truck or parcel post when packages are small and, therefore, subject to loss in transit. Shipment will be insured at Buyer's expense, unless otherwise specified by Buyer. All goods are sold F.O.B. shipping point so Buyer assumes freight cost and liability for any loss or damage to goods once the goods have left Seller's premises.

#### **No. 16 - BUYER'S MATERIAL**

Quotations covering machining of Buyer's material are made subject to delivery of the amount of material as specified by Seller, F.O.B. Seller's plant, and are subject to change if material furnished by Buyer is defective or will not machine with reasonable wear on tools at the speed and feed estimated. Chemical and physical specifications are the sole responsibility of Buyer, and parts manufactured from Buyer's material which conform to blueprint specifications shall be accepted by Buyer. Seller does not guarantee to deliver more than 90% of the quantity ordered, in accordance with No. 6 - QUANTITIES. If Buyer's material proves defective in total or in part or of a different character than represented by either Buyer or material producer, all work performed by Seller shall be reimbursed by Buyer.

#### **No. 17 - PATENTS**

It is not the intention of Seller to manufacture any product which is an infringement of a patent. Buyer will defend and reimburse Seller from all expense and damages resulting from claims of infringement whether or not the goods are a part or a unit of a complete entity.

#### **No. 18 - TAXES**

Taxes imposed by any present or future law of federal, state, county, or municipal authority on the manufacture, sale or use of the articles purchased hereunder and required to be paid by Seller shall be added to the amount to be paid by Buyer. Buyer shall furnish evidence of exemption if applicable. Custom duties or taxes are not included in prices. Buyer shall reimburse Seller for any such duties or taxes as Seller may pay or subsequently be assessed.

**No. 19 - WARRANTY**

Seller warrants that goods manufactured by him will conform to the drawings and specifications furnished by Buyer. If the goods manufactured by Seller fail to function under normal and proper use within a period of six (6) months because of defects in material or workmanship, and written notice is received by Seller no later than seven (7) months after date of receipt of such goods by Buyer, Seller will at his option credit, repair or replace such products determined by Seller to be defective.

Seller shall have the option of inspecting the goods on Buyer's premises or authorizing their return. No goods are to be returned without written consent nor shall the Seller be liable for any expense, including inspection expenses, incurred by Buyer in order to remedy defects in said goods.

Products manufactured by others but furnished by Seller are limited to the original manufacturer's warranty and Seller shall not be liable under any circumstances for defects in such products.

Because goods furnished hereunder are to Buyer's specifications and are used or combined by Buyer with other equipment or components not furnished by Seller. Buyer agrees to indemnify Seller for all claims resulting from the use or incorporation of said goods in the Buyer's product.

Any controversy or claim arising out of or related to this contract, or the breach thereof, must be commenced within one (1) year after the cause of action has occurred.

IT IS EXPRESSLY AGREED THAT THIS WARRANTY IS IN LIEU OF ANY AND ALL OTHER WARRANTIES AND LIABILITIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT THE USE OF THE PRODUCT SOLD HEREUNDER. THE FOREGOING STATES SELLER'S ENTIRE AND EXCLUSIVE LIABILITY AND BUYER'S EXCLUSIVE AND SOLE REMEDY. SELLER WILL IN NO EVENT BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL OR CONTINGENT DAMAGE OR EXPENSE ARISING DIRECTLY OR INDIRECTLY FROM ANY DEFECT IN ITS GOODS OR FROM THE USE THEREOF. NO OTHER PERSON IS AUTHORIZED TO ASSUME FOR SELLER ANY SUCH LIABILITY.

"We rely on the customer to provide all pertinent information relative to this order. Failure to provide all such information will void our obligations under this order. We reserve the right to revise the quoted price in response to changes in your manufacturing, quality, delivery or other requirements from those provided to us as a basis for our quotation."