



All terms listed will be in addition to any and all listed on Buyers purchase order. At minimum, all shipments must be accompanied by Packing slip, Certifications all of which must reference Buyers purchase order number.

## A. PARTIES

Seller, as used herein, means the addressee.

Buyer, as used herein, means Cannon Gasket, Inc.

## B. ORDER AND ACCEPTANCE

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1. **VERBAL ORDERS** - No claimed verbal order by Buyer shall bind Buyer unless confirmed by Buyer by written purchase order.

### 2. ACCEPTANCE

(a) Seller shall acknowledge or accept the Order in writing by executing and returning the attached Acknowledgment copy. Buyer shall have the right and option to cancel the Order at any time before actual receipt of written acceptance or acknowledgment.

(b) This Purchase Order is subject only to the instructions, terms, conditions, specifications, and warranties appearing on both sides of the Original copy hereof.

(c) Any acknowledgment or acceptance which contains terms, conditions, specifications, or warranties which are in addition to or inconsistent with these Terms and Conditions (which additions and/or inconsistencies are hereby specifically objected to), will be considered a counter offer and will not be binding unless agreed to in writing by Buyer, and

(d) Commencement of performance by Seller in the absence of Buyer acceptance of the counter offer will constitute Seller's acceptance hereof without change.

## C. MATERIALS AND WORKMANSHIP

1. **QUALITY** - All materials used in the goods delivered under this Order shall be in conformity with applicable drawings, specifications and requirements with respect thereto. Seller shall maintain test date to substantiate compliance with the foregoing, and Seller's manufacturing processes and inspection system shall be subject to on-site review and verification by representatives of Buyer during performance of this Order.

### 2. SUBSTITUTIONS OR CHANGES

-Any substitutions or changes (other than minor substitutions or changes which do not affect form, fit, function or reliability) made by Seller in relation to any goods or materials ordered hereunder, including substitutions or changes in:

(a) Design

(b) Materials or workmanship, or

(c) The processes employed by Seller in the production

thereof, following Buyer's approval of the original design, materials workmanship or processes either by written notice. prior

purchase and acceptance of the item, or submission of initial samples to Buyer, shall be disclosed to and approved in writing by Buyer in advance of any shipment hereunder.

3. **WARRANTY**. Seller warrants that all goods or materials covered by this Order will be of merchantable quality, will be fit for any specific purpose made known to Seller by Buyer, will conform to the drawing, specifications or other description related thereto, if any, and will be of good quality, materials and workmanship and free from defects. These warranties also shall constitute conditions precedent, shall survive inspection, acceptance and payment, and shall remain in effect for a period of time consistent with the warranty period offered by Buyer on the product in which such goods or materials are used. This warranty shall run to the Buyer and to the customers and users of its products.

## D. DELIVERY

1. **TIME OF THE ESSENCE** - Time of delivery is the essence of the contract arising from this Order.

2. **COMPLETE DELIVERY** - Delivery shall not be deemed complete until goods or materials actually have been received, inspected, and accepted by Buyer, notwithstanding any agreement to pay freight, express or other transportation charges. Buyer's count will be accepted as final and conclusive on all shipments.

3. **OVERAGES** - Quality of goods or materials ordered must not be accepted without permission first obtained from Buyer. Excess quantities shipped without permission first obtained from Buyer, may be returned at Seller's expense, including transportation both ways and all handling charges.

4. **RIGHT OF REFUSAL** - Buyer reserves the right to refuse or return any goods or materials, and to cancel all or any part of this Order, if Seller delivers early, delivers late, or fails to deliver, all or any part of the goods or materials in accordance with the terms of this Order, and any costs in keeping such goods or materials prior to such return, together with the cost of returning the same, shall be at the expense of Seller. Acceptance of any part of the Order, or partial or full payment therefore, shall not bind Buyer to accept future shipments, nor deprive Buyer of the right to return goods or materials already accepted.

5. **PACKING AND CARTAGE** - No charges will be allowed for nonreturnable packages, bags, containers, boxing, crating or cartage, unless otherwise specified in this Order. Returnable packaging will be shipped to Seller, freight collect. Shipping containers must meet Carrier's specifications as published in the Uniform Freight Classification.

## E. INSPECTION

1. **INSPECTION AND TEST** - All goods or materials furnished under this Order shall be subject to Buyer's inspection, test and approval during manufacture and prior to shipment, and after receipt notwithstanding any prior payment.

### 2. REJECTION AND RETURN

- Buyer shall have the right to reject, rework, or require correction of any goods or materials found to be defective in material or workmanship, or otherwise not in conformity with the drawings and specifications contained or incorporated in this Order, after inspection or test at any time. Goods or materials rejected or required to be correct will be held by Buyer subject to Seller's instructions, or returned to Seller, at Seller's risk and expense, including transportation both ways and all handling charges. Buyer's costs of rework or sorting such defective goods or materials, in order to keep its production lines in operation, shall be at Seller's expense.

## F. INVOICE AND TERMS

1. **INVOICE**- Invoices shall indicate Buyer's Purchase Order number, shall be mailed and/or emailed to Buyer immediately after shipment, shall be accompanied by an appropriate packing list and bill of lading, and shall not be dated earlier than the date of actual shipment, whichever is later. A separate invoice shall be used for each of Buyer's Purchase Orders.

2. **PAYMENT** - Buyer shall make payment within forty-five (45) days after receipt of shipment, or date of merchandise acceptance, whichever is later, and shall be entitled to all quoted discounts thereon, except where other terms are agreed upon. If a correct invoice does not reach Buyer within four (4) days following the invoice date, payment deadlines (including any discount period) will be calculated from the date of receipt of the correct invoice.

## G. PRICE

1. **PRICE REDUCTION** - Reductions in price of goods or materials ordered, occurring between the date of this Order and the time of shipment, hereunder, shall accrue to the benefit of Buyer.

2. **OPEN PRICE** - If no price is stipulated in this Order, the price to be charged shall not be higher than Seller's current published price, or that last quoted or charged to Buyer by Seller, whichever is lower, unless Buyer consents thereto in writing.

3. **PRICE INCREASES** - Any proposed increases in price, above the price stated in this Order of Seller's published or quoted price at the date hereof, whichever is applicable, shall be ineffective as to this Order, unless Buyer consents thereto in writing prior to the date of shipment hereunder.



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## H. OTHER MATTERS

**1. INDEMNITY** - Seller shall hold Buyer harmless from and against any and all liability for loss, costs, damages, fines, penalties, and expenses (including but not limited to such liability for loss, costs, damages, fines, penalties, and expenses including but not limited to such liability resulting from personal injury, property damage, rework or recall of Buyer's products, the intervention of any governmental body, and reasonable attorneys fees) threatened, incurred or arising out of any breach of the terms or conditions of this Order, or by reason of:

- (a) The alleged infringement of any patent, trade name, trademark, or copyright covering any goods or materials furnished under this Order, or in connection with Buyer's use, display advertising or resale thereof, unless the same is not customarily offered for sale by Seller and expressly specified by Buyer; and/or
- (b) Any improper performance or negligent work by Seller under this order or any allegedly defective material or workmanship in the goods or services furnished hereunder, the failure of any drawings, specifications or the express or implied warranties of Seller, or the failure of Seller to notify Buyer in advance of any substitution or changes as required herein; and/or
- (c) The alleged or actual violation by such goods or materials, or the method of manufacture, sale, packaging, or labeling thereof, of any law, statute, ordinance, or administrative order, rule or regulation in connection with the foregoing. Seller shall upon Buyer's request, immediately assume the handling, adjustment and defense of any claim covered by the terms hereof, provided, however, that Seller shall keep Buyer fully informed of all proceedings hereunder, in addition, in order to assure compliance with the foregoing. Seller shall maintain adequate insurance coverage in such amounts, and with such companies as are reasonably acceptable to Buyer (naming Buyer as a named insured thereunder) and upon request, shall furnish to Buyer a satisfactory certificate evidencing such insurance coverage.

## 2. COMPLIANCE WITH LAWS -

Seller acknowledges and agrees that goods and materials furnished to Buyer hereunder, may be resold, either directly or indirectly, for personal, family or household use, and by acceptance of and performance under this Order. Seller certifies and warrants that all Federal, State and municipal laws have been complied with, Seller also certifies and warrants that the goods, materials and services required hereunder will be and have been produced, and services rendered, in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.

**3. ON-SITE ACTIVITIES** - In case this Order applies to services to be performed on Buyer's premises, Seller acknowledges and agrees that his personnel performing such services shall be deemed to be employees of Seller or independent contractors, and not agents of Buyer, and Seller shall provide insurance covering liability to the employees engaged in the work, and to the public and for property damage. Seller shall furnish acceptable certificates evidencing workman's compensation, public liability and property damage insurance coverage. When requested to Buyer.

## 4. DISCONTINUANCE OF BUYER'S BUSINESS

Discontinuance of, or substantial interference with Buyer's business, in whole or in part, by reason of fire, flood, earthquake, tempest or other acts of God or by strikes, war, embargo, civil commotion, governmental regulation or other causes reasonably beyond Buyer's control (whether like or unlike the foregoing), shall give Buyer the option of cancelling all or any part of the undelivered goods covered by this Order without liability in respect of the goods so cancelled.

**5. WAIVER** - No waiver by Buyer of any of the terms of this Order shall operate to relieve Seller from responsibility for any prior or subsequent breach hereunder.

## 6. APPLICABLE LAW AND

**ASSIGNMENT** - This Order shall be governed by the laws of the State of California, is not assignable by Seller, and constitutes the entire Agreement between Buyer and Seller.