

Homewood Products Corporation

Selling Policy 100

Pittsburgh, PA USA15206

June 1, 2017

Terms and Conditions of Sale

Products and Renewal Parts Domestic Sales

Terms and Conditions of Sale

Homewood Products Corporation, hereinafter called HPC, hereby gives notice of its objection to any terms and conditions different from or in addition to the terms and conditions herein or in a separate HPC proposal. Unless different or additional terms and conditions are stated or referred to in the proposal, in which event such different or additional terms and conditions shall be exclusive as to the particular subject covered, the terms and conditions stated below apply, and such terms and conditions supersede any prior or contemporaneous agreements or correspondence between the parties.

This sale is expressly conditioned on Purchasers' assent to any and all such items and conditions. Purchaser's direction to proceed with engineering, manufacture or shipment of any product is conclusive as to such assent.

Quotations

Written quotation is valid for 30 days from its date unless otherwise stated in the quotation or terminated sooner by notice.

Verbal quotations, unless accepted, expire the same day as they are made.

A complete signed order must be received by the seller within 20 calendar days of notification of award, otherwise the price and shipment will be subject to re-negotiation.

All prices and deliveries are quoted subject to availability of usable **tooling, patterns**, and **materials** from usual sources. If new **tooling, patterns**, or **materials** are required, order will

be held pending negotiation of additional charges.

Prices

All prices are subject to change without notice. In the event of a price change, the effective date of the change will be the date of the new price or discount sheet or letter. All quotations made or orders accepted after the effective date will be on the new basis. For existing orders, the price of the unshipped portion of an order will be the price in effect at the time of shipment.

Price Policy-Products and Services

When prices are quoted as firm for quoted shipment, they are firm provided the following conditions are met:

1. The order is released with complete engineering details.
2. Shipment of equipment is made and services purchased are provided within the quoted lead time.
3. When drawings for approval are required for any product, the drawings applicable to those products must be returned within 30 calendar days from the date of the original mailing of the drawings by HPC. The returned drawings must be released for manufacture and shipment and must be marked "APPROVED" or "APPROVED AS NOTED". Drawing re-submittals which are required for any other reason than to correct HPC errors will not extend the 30-day period.

If the Purchaser initiates or in any way causes delays in shipment, provision of services

or return of approval drawings beyond the periods stated above, the price of the product or services will be increased 1% per month or fraction thereof of delay up to a maximum of 18 months from the date of the Purchaser's order. For delays resulting in shipment or provision of services beyond 18 months from the Purchaser's order, the price must be renegotiated.

Shipping dates are approximate and are based on receipt of complete information with the order. If drawing approval is required, drawings must be returned on schedule to maintain shipping date.

Minimum Billing

The minimum billing charge shall be **\$50.00** per order.

Taxes

The price does not include any federal, state, or local property, license, privilege, sales, use, excise, gross receipts, value added, or other like taxes which may now or hereafter be applicable to, measured by, or imposed upon, or with respect to the transaction, the property, its sale, its value, or its use, or any services performed in connection therewith regardless of the person or entity actually taxed. Such taxes are for the account of the Purchaser and the Purchaser agrees to pay or reimburse any such taxes which HPC Corporation or its contractors or suppliers are required to pay.

Terms of Payment

Acceptance of all orders is subject to the Purchaser meeting HPC's credit requirements. Terms of payment are subject to change for failure to meet such requirements. New

customers will be required to pay cash prior to shipment, regardless of order value, until credit is established.

A. Net 30

For orders of less than **\$50,000** Standard terms of payment generally are net within 30 days from date of invoice, however, certain circumstances may require progressive payment. If progressive payments are required, notification will occur at time of manufacture.

B. Progress Payments

For orders of **\$50,000** or more: As a minimum, progressive payments of 85% of the total contract price, as adjusted under the price policy article, in equal monthly payments, due and payable within 30 days after presentation of invoices during the overall period of the agreement, beginning on the date of the agreement.

The balance, as adjusted under the provisions of the price policy article, due and payable within 30 days from date of final shipment, together with any unpaid price adjustment, if any, unless otherwise agreed to. No payments shall be deemed to constitute acceptance of the product or release of any responsibility on the part of HPC.

The date of final shipment shall be determined to be the date on which the product leaves HPC's or other OEM facilities. If delay of shipment is requested by customer, the final shipment date will be when the product is ready for shipment from HPC or other OEM facility unless otherwise agreed to.

C. Adequate Assurances of Payment

If in the judgment of the HPC, the financial condition of Purchaser, at any time during the period of the agreement, does not justify the terms of payment specified, HPC may require full or partial payment in advance.

Should the Purchaser be adjudged bankrupt or insolvent in any legal proceeding, HPC shall have the right at its election and throughout the period allowed in such proceeding or filing claims against the Purchaser's estate, to cancel the order and to recover its proper cancellation charges from Purchaser's estate.

D. Overdue Payments

If payments are not made in accordance with these terms, a service charge will, without prejudice to any rights of HPC, including that to immediate payment, be added to the account of the Purchaser in an amount equal to the lower of 1.5% per month or fraction thereof or the highest legal rate on the unpaid balance.

Delivery

FOB-P/S-Frt./Ppd and Not

Allowed: The products are delivered free on board, point of shipment, freight prepaid and invoiced to the Purchaser by HPC.

FOB-P/S-Frt./Collect: The products are delivered free on board, point of shipment freight collect and not invoiced to the Purchaser by HPC

Cartage-Transportation charges incurred from the nearest accessible common carrier point to final destination or to shipside (in case of shipments to U.S. possessions) are the responsibility of the Purchaser unless the common carrier furnishes store door delivery at no extra charge.

Origin, Method of Shipment, and Routing:

HPC will determine the point of origin of shipment, the method of transportation, the type of carrier equipment and the routing of shipment.

If Purchaser specifies a special method of transportation, type of carrier equipment, routing or delivery requirement, Purchaser shall pay all special freight and handling charges.

Risk of Loss

Risk of loss or damage to the products shall pass to Purchaser at the F.O.B point.

Products or Parts Returned for Repair

Authorization and shipping instructions for the return of any product must be obtained from HPC before returning the products.

Parts returned to HPC for repair must be shipped freight prepaid to HPC. After repair the return freight charges will be to the Purchaser's account.

Shipment Damage:

Except in the event of F.O.B. destination shipments, HPC will not participate in any settlement of claims for concealed or other shipment damage. When shipment has been made on an F.O.B. destination basis, the Purchaser must unpack immediately and, if damage is discovered, must:

1. Not move the product from the point of examination.
2. Retain shipping container and packing material.
3. Notify the carrier of any apparent damage in writing on carrier's delivery receipt and request the carrier to make an inspection.
4. Notify HPC from which shipment originated within 72 hours of delivery.
5. Send HPC a copy of the carrier's inspection report.

Force Majeure

HPC shall not be liable for failure to perform or for delay in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority or of the Purchaser, riot, embargo, fuel or energy shortage, car shortage, faulty castings or forgings, wrecks or delay in transportation, inability to obtain necessary labor, materials, or manufacturing facilities from usual sources, or due to any cause beyond its reasonable control.

In the event of delay in performance due to any such cause, the date of delivery or time for completion will be extended by a period of time reasonably necessary to overcome the effect of such delay.

Warranty

HPC warrants that the products manufactured by it will be of the kind and quality described in its specification and will be free of defects in workmanship and material.

Remedy: In the event any product supplied hereunder fails to comply

with this warranty and HPC is so notified promptly, in writing, within one year from the date of shipment, HPC will correct such nonconformity by repair or, at its option, by replacement of the defective part or parts F.O.B. its factory or repair facility, provided the product has been stored, installed, operated and maintained in accordance with HPC recommendations and industry standard practices. In no event shall HPC be responsible for gaining access to the product, disassembly, reassembly and transportation of the product or parts from and to the place of installation.

Products supplied by HPC but manufactured by others are warranted only to the extent of the manufacturer's warranty.

Limitation on Warranties

The foregoing Warranties set forth are exclusive and in lieu of all other Warranties whether statutory, express or implied (including all Warranties of merchantability and fitness for particular purpose and all Warranties arising from course of dealing or usage of trade), except patent infringement.

The remedies provided above are the Purchaser's sole remedies for any failure of HPC to comply with its obligations. Correction of any non-conformity in the manner and for the period of time provided above shall constitute complete fulfillment of all the liabilities of HPC whether the claims of the based in contract, in tort (including negligence or strict liability), or otherwise with respect to or arising out of the product or service furnished hereunder.

Limitation of Liability

HPC, its contractors and suppliers of any tier, shall not be liable in contract, in tort (including negligence or strict liability) or otherwise for damage or loss of other property or equipment, loss of profits or revenue, loss of use of equipment or power system, cost of capital, cost of purchased or replacement power or temporary equipment (including additional expenses incurred in using existing facilities), claims of customers of the Purchaser, or for any special, indirect, incidental, or consequential damages whatsoever.

The remedies of the Purchaser set forth herein are exclusive and the total cumulative liability of HPC with respect to this contract, or anything done in connection therewith such as the performance or breach thereof, or from the manufacture,

sale, delivery, resale, or use of any product covered by or furnished under the contract, whether in contract, in tort (including negligence or strict liability) or otherwise, shall not exceed the price of the product or part on which such liability is based.

Liquidated Damages

Contracts which include liquidated damage clauses for failure to meet shipping or job completion promises are not acceptable or binding on HPC, unless such clauses are specifically accepted in writing by an authorized representative of HPC at its headquarters office.

Patent Infringement

Subject to the following provisions, HPC shall at its own expense, defend or at its option settle any claim, suit or proceeding brought against the Purchaser, and/or its vendees, mediate and immediate, so far as based on an allegation that any goods, material, equipment, device or article (hereinafter referred to as product) or any part thereof furnished hereunder constitutes a direct or a contributory infringement of any claim of any patent of the United States. This obligation shall be effective only if Purchaser shall have made all payments then due hereunder and if HPC is notified promptly in writing and given authority, information and assistance for the defense of said claim, suit or proceeding. HPC shall pay all damages and costs awarded in such suit or proceedings so defended. In case the product or any part thereof furnished hereunder becomes the subject of any claim, suit or proceeding for infringement of any United States patent, or in the event of an adjudication that such product or part infringes any United States patent, or if the use or sale of such product or part is enjoined, HPC shall, at its option and its own expense, either:

- (a) procure for the Purchaser the right to continue using said product or part thereof; or
- (b) replace it with a non-infringing product; or
- (c) modify it so it becomes non-infringing; or
- (d) as a last resort remove it and refund the purchase price and the transportation and installation costs thereof.

The foregoing indemnity does not apply to the following:

1. Patented processed performed by the product, or another product produced thereby.

2. Products supplied according to a design other than that of HPC and which is required by the Purchaser.
3. Combination of the product with another product not furnished hereunder unless HPC is a contributory infringer.
4. Any settlements of a suit or proceeding made without HPC' written consent.

The foregoing states the entire liability of HPC with respect to patent infringement by said product or any part thereof.

If a suit or proceeding is brought against HPC Corporation solely on account of activities enumerated in Paragraphs 1, 2, or 3 above, the Purchaser agrees to indemnify HPC in the manner and to the extent HPC indemnified Purchaser in the first paragraph of this provision insofar as the terms thereof are appropriate.

Transfer

In the event of a transfer to a third party of any product or interest therein Purchaser shall, at its option, either

- (1) obtain for HPC written assurance from the transferee that HPC' and its subcontractor's and supplier's protection against liability following the transfer is the equal of that provided by this contract, or
- (2) indemnify them against any liability they may incur in excess of that which they would have incurred had Purchaser obtained the above assurance from the transferee.

Title - Risk of Loss

The product sold shall remain the property of HPC and shall remain personal property until fully paid for, and the Purchaser agrees to perform all acts which may be necessary to perfect and assure retention of title to such product by HPC. Risk of loss of the product, or any part of same, shall pass to the Purchaser upon delivery of such product or part as the designated delivery (FOB) point.

Termination

Any order or contract may be terminated by the Purchaser only on written notice to HPC and upon payment of reasonable and proper termination charges.

In the event of termination of an order or contract, charges will be made by HPC in accordance with the following table:

- a. Where order is in process, but material is not released for manufacture - 10% of the price.

b. Where order is in process with production space reserved and materials being readied for assembly:

Up to 15 days from order release date	20%
Up to 25 days from order release date	40%
Up to 30 days from order release date	60%
Above 30 days.....	80%
Completed.....	100%

Note: In the table above the days indicated are working days, counting five working days per week, exclusive of Saturdays, Sundays and holidays.

Cancellation

HPC shall have the right to cancel any order or contract at any time by written notice for any material breach of the order or contract by the Purchaser.

Held Orders

Any order held or delayed or rescheduled at the request of the Purchaser will be subject to the prices and conditions of sale in effect at the time of the release of the hold or the reschedule. When products are ready for shipment and shipment cannot be made because of reasons beyond HPC's control, HPC shall submit an invoice for such product payable upon receipt thereof and shall, upon written notice to the Purchaser, store such products. In such event, the following conditions shall apply:

Risk of loss of the product shall pass to the Purchaser upon moving such product to storage.

All expenses incurred by HPC in connection with the storage of products, including demurrage, the cost of preparation for storage, storage charges, insurance if placed, and handling charges shall be payable by the Purchaser upon submission of invoices therefore by HPC.

Over and Under Shipments

Due to manufacturing processes, HPC reserves the right to ship over or under 10% of the quantity ordered on Carbon Brushes, bushings, hardware, porcelain, ceramic resistors and springs. In all cases the price will be based on the quantity shipped. On U.S. Government orders the exact quantity ordered will be furnished; no over or under shipments will be made.

Correspondence:

Send all correspondence and orders to HPC

Complete Description:

In ordering parts, give style number and description of part, or shop order number, complete nameplate reading, and serial number of the product for which the part is required. If modification of a standard part is required, order "Similar to Style No. except (state modification)."

General:

When HPC includes in its products "Outside Purchased Components" such parts can be secured through HPC.

HPC reserves the right to ship the latest superseding part, where interchangeable, in place of that ordered. Billing price will be that of the part shipped.

See "Shipment Damage"

Make claims for shortage within 30 days after receipt of shipment; otherwise they will not be considered.

Nuclear Application

In the event that the Purchaser or third parties use the product, or any part thereof, in connection with any activity or process involving nuclear fission or fusion or any use or handling of any source, special nuclear or by-product material as those materials are defined in the U.S. Atomic Energy Act of 1954 (as amended), Purchaser shall immediately notify HPC of such nuclear application. NRC 10CFR50 does not apply to products sold by HPC under this Selling Policy.

Homewood Products Corporation
820 Washington Boulevard
Pittsburgh, PA., U.S.A. 15206

Homewood Sales Corporation
Selling Policy 200
Pittsburgh, PA USA 15206

June 1, 2017

Terms and Conditions of Sale

**Products, Services,
and Renewal Parts
Domestic Sales**

Terms and Conditions of Sale

Homewood Sales Corporation, hereinafter called HSC, hereby gives notice of its objection to any terms and conditions different from or in addition to the terms and conditions herein or in a separate HSC proposal. Unless different or additional terms and conditions are stated or referred to in the proposal, in which event such different or additional terms and conditions shall be exclusive as to the particular subject covered, the terms and conditions stated below apply, and such terms and conditions supersede any prior or contemporaneous agreements or correspondence between the parties.

This sale is expressly conditioned on Purchasers' assent to any and all such items and conditions. Purchaser's direction to proceed with engineering, manufacture or shipment of any product is conclusive as to such assent.

Quotations

Written quotation is valid for 30 days from its date unless otherwise stated in the quotation or terminated sooner by notice.

Verbal quotations, unless accepted, expire the same day as they are made.

A complete signed order must be received by the seller within 20 calendar days of notification of award, otherwise the price and shipment will be subject to re-negotiation.

All prices and deliveries are quoted subject to availability of usable **tooling, patterns,** and **materials** from usual sources. If new **tooling, patterns,** or **materials** are required, order will be held pending negotiation of additional charges.

Prices

All prices are subject to change without notice. In the event of a price change, the effective date of the change will be the date of the new price or discount sheet or letter. All quotations made or orders accepted after the effective date will be on the new basis. For existing orders, the price of the unshipped portion of an order will be the price in effect at the time of shipment.

Price Policy-Products and Services

When prices are quoted as firm for quoted shipment, they are firm provided the following conditions are met:

1. The order is released with complete engineering details.
2. Shipment of equipment is made and services purchased are provided within the quoted lead time.
3. When drawings for approval are required for any product, the drawings applicable to those products must be returned within 30 calendar days from the date of the original mailing of the drawings by HSC. The returned drawings must be released for manufacture and shipment and must be marked "APPROVED" or "APPROVED AS NOTED". Drawing re-submittals which are required for any other reason than to correct HSC errors will not extend the 30-day period.

If the Purchaser initiates or in any way causes delays in shipment, provision of services or return of approval drawings beyond the periods stated above, the price of the product or services will be increased 1% per month or fraction

thereof of delay up to a maximum of 18 months from the date of the Purchaser's order. For delays resulting in shipment or provision of services beyond 18 months from the Purchaser's order, the price must be renegotiated.

Shipping dates are approximate and are based on receipt of complete information with the order. If drawing approval is required, drawings must be returned on schedule to maintain shipping date.

Minimum Billing

The minimum billing charge shall be **\$50.00** per order.

Taxes

The price does not include any federal, state, or local property, license, privilege, sales, use, excise, gross receipts, value added, or other like taxes which may now or hereafter be applicable to, measured by, or imposed upon, or with respect to the transaction, the property, its sale, its value, or its use, or any services performed in connection therewith regardless of the person or entity actually taxed. Such taxes are for the account of the Purchaser and the Purchaser agrees to pay or reimburse any such taxes which HSC Corporation or its contractors or suppliers are required to pay.

Terms of Payment

Acceptance of all orders is subject to the Purchaser meeting HSC's credit requirements. Terms of payment are subject to change for failure to meet such requirements. New customers will be required to pay cash prior to shipment, regardless of order value, until credit is established.

A. Net 30

For orders of less than **\$50,000** standard terms of payment generally are net within 30 days from date

of invoice, however, certain circumstances may require progressive payment. If progressive payments are required, notification will occur at time of manufacture.

B. Progress Payments

For orders of **\$50,000** or more: Progressive payments of 85% of the total contract price, as adjusted under the price policy article, will be required, as a minimum, prior to shipment payable in accordance with the following schedule:

20% due immediately upon acceptance of purchase order

65% due in equal monthly payments during the overall duration of the agreement beginning 30 days from the date of the agreement. Payment schedule will be adjusted for projects less than 30 days duration.

15% balance due and payable within 30 days from date of final shipment, together with any unpaid price adjustments, if any, unless otherwise agreed to.

The date of final shipment shall be determined to be the date on which the product leaves HSC's or other OEM facilities. If delay of shipment is requested by customer, the final shipment date will be when the product is ready for shipment from HSC or other OEM facility unless otherwise agreed to.

C. Adequate Assurances of Payment

If in the judgment of the HSC, the financial condition of Purchaser, at any time during the period of the agreement, does not justify the terms of payment specified, HSC may require full or partial payment in advance.

Should the Purchaser be adjudged bankrupt or insolvent in any legal proceeding, HSC shall have the right at its election and throughout the period allowed in such

proceeding or filing claims against the Purchaser's estate, to cancel the order and to recover its proper cancellation charges from Purchaser's estate.

D. Overdue Payments

If payments are not made in accordance with these terms, a service charge will, without prejudice to any rights of HSC, including that to immediate payment, be added to the account of the Purchaser in an amount equal to the lower of 1.5% per month or fraction thereof or the highest legal rate on the unpaid balance.

Delivery

FOB – P/S-Frt./Ppd and Allowed:

The products are delivered free on board, point of shipment, freight prepaid and not invoiced to the Purchaser by HSC.

FOB-P/S-Frt./Ppd and Not Allowed:

The products are delivered free on board, point of shipment, freight prepaid and invoiced to the Purchaser by HSC.

FOB-P/S-Frt./Collect: The products are delivered free on board, point of shipment freight collect and not invoiced to the Purchaser by HSC

Ex-Works-P/S: Purchaser assumes responsibility and makes shipping arrangements for the goods. All freight charges, insurance, custom fees, and duties from point of shipment are for the Purchaser's account.

CIF Destination: Seller assumes responsibility for costs, insurance, and freight to the nearest destination port. Purchaser must arrange and pay for shipping costs to transfer the goods from the port to the final destination. Duties and taxes are for the Purchaser's account.

Cartage-Transportation charges incurred from the nearest accessible common carrier point to final destination or to shipside (in case of shipments to U.S. possessions) are the responsibility of the Purchaser unless the common carrier furnishes store door delivery at no extra charge.

Origin, Method of Shipment, and Routing:

HSC will determine the point of origin of shipment, the method of transportation, the type of carrier equipment and the routing of shipment.

If Purchaser specifies a special method of transportation, type of carrier equipment, routing or delivery requirement, Purchaser shall pay all special freight and handling charges.

Risk of Loss

Risk of loss or damage to the products shall pass to Purchaser at the F.O.B point.

Products or Parts Returned for Repair

Authorization and shipping instructions for the return of any product must be obtained from HSC before returning the products.

Parts returned to HSC for repair must be shipped freight prepaid to HSC. After repair the return freight charges will be to the Purchaser's account.

Shipment Damage:

Except in the event of F.O.B. destination shipments, HSC will not participate in any settlement of claims for concealed or other shipment damage. When shipment has been made on an F.O.B. destination basis, the Purchaser must unpack immediately and, if damage is discovered, must:

1. Not move the product from the point of examination.
2. Retain shipping container and packing material.
3. Notify the carrier of any apparent damage in writing on carrier's delivery receipt and request the carrier to make an inspection.
4. Notify HSC from which shipment originated within 72 hours of delivery.
5. Send HSC a copy of the carrier's inspection report.

Force Majeure

HSC shall not be liable for failure to perform or for delay in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority or of the Purchaser, riot, embargo, fuel or energy shortage, car shortage, faulty castings or forgings, wrecks or delay in transportation, inability to obtain necessary labor, materials, or manufacturing facilities from usual sources, or due to any cause beyond its reasonable control.

In the event of delay in performance due to any such cause, the date of delivery or time for completion will be extended by a period of time

reasonably necessary to overcome the effect of such delay.

Warranty

HSC warrants that the products manufactured by it will be of the kind and quality described in its specification and will be free of defects in workmanship and material.

Remedy: In the event any product supplied hereunder fails to comply with this warranty and HSC is so notified promptly, in writing, within one year from the date of shipment, HSC will correct such nonconformity by repair or, at its option, by replacement of the defective part or parts F.O.B. its factory or repair facility, provided the product has been stored, installed, operated and maintained in accordance with HSC recommendations and industry standard practices. In no event shall HSC be responsible for gaining access to the product, disassembly, reassembly and transportation of the product or parts from and to the place of installation.

Products supplied by HSC but manufactured by others are warranted only to the extent of the manufacturer's warranty.

Limitation on Warranties

The foregoing Warranties set forth are exclusive and in lieu of all other Warranties whether statutory, express or implied (including all Warranties of merchantability and fitness for particular purpose and all Warranties arising from course of dealing or usage of trade), except patent infringement.

The remedies provided above are the Purchaser's sole remedies for any failure of HSC to comply with its obligations. Correction of any non-conformity in the manner and for the period of time provided above shall constitute complete fulfillment of all the liabilities of HSC whether the claims of the based in contract, in tort (including negligence or strict liability), or otherwise with respect to or arising out of the product or service furnished hereunder.

Limitation of Liability

HSC, its contractors and suppliers of any tier, shall not be liable in contract, in tort (including negligence or strict liability) or otherwise for damage or loss of other property or equipment, loss of profits or revenue, loss of use of equipment or power system, cost of capital, cost of purchased or replacement power or temporary equipment (including additional expenses incurred in using

existing facilities), claims of customers of the Purchaser, or for any special, indirect, incidental, or consequential damages whatsoever.

The remedies of the Purchaser set forth herein are exclusive and the total cumulative liability of HSC with respect to this contract, or anything done in connection therewith such as the performance or breach thereof, or from the manufacture, sale, delivery, resale, or use of any product covered by or furnished under the contract, whether in contract, in tort (including negligence or strict liability) or otherwise, shall not exceed the price of the product or part on which such liability is based.

Liquidated Damages

Contracts which include liquidated damage clauses for failure to meet shipping or job completion promises are not acceptable or binding on HSC, unless such clauses are specifically accepted in writing by an authorized representative of HSC at its headquarters office.

Patent Infringement

Subject to the following provisions, HSC shall at its own expense, defend or at its option settle any claim, suit or proceeding brought against the Purchaser, and/or its vendees, mediate and immediate, so far as based on an allegation that any goods, material, equipment, device or article (hereinafter referred to as product) or any part thereof furnished hereunder constitutes a direct or a contributory infringement of any claim of any patent of the United States. This obligation shall be effective only if Purchaser shall have made all payments then due hereunder and if HSC is notified promptly in writing and given authority, information and assistance for the defense of said claim, suit or proceeding. HSC shall pay all damages and costs awarded in such suit or proceedings so defended. In case the product or any part thereof furnished hereunder becomes the subject of any claim, suit or proceeding for infringement of any United States patent, or in the event of an adjudication that such product or part infringes any United States patent, or if the use or sale of such product or part is enjoined, HSC shall, at its option and its own expense, either:

- (a) procure for the Purchaser the right to continue using said product or part thereof; or
- (b) replace it with a non-infringing product; or
- (c) modify it so it becomes non-infringing; or

(d) as a last resort remove it and refund the purchase price and the transportation and installation costs thereof.

The foregoing indemnity does not apply to the following:

1. Patented processes performed by the product, or another product produced thereby.
2. Products supplied according to a design other than that of HSC and which is required by the Purchaser.
3. Combination of the product with another product not furnished hereunder unless HSC is a contributory infringer.
4. Any settlements of a suit or proceeding made without HSC's written consent.

The foregoing states the entire liability of HSC with respect to patent infringement by said product or any part thereof.

If a suit or proceeding is brought against HSC Corporation solely on account of activities enumerated in Paragraphs 1, 2, or 3 above, the Purchaser agrees to indemnify HSC in the manner and to the extent HSC indemnified Purchaser in the first paragraph of this provision insofar as the terms thereof are appropriate.

Transfer

In the event of a transfer to a third party of any product or interest therein Purchaser shall, at its option, either

- (1) obtain for HSC written assurance from the transferee that HSC's and its subcontractor's and supplier's protection against liability following the transfer is the equal of that provided by this contract, or
- (2) indemnify them against any liability they may incur in excess of that which they would have incurred had Purchaser obtained the above assurance from the transferee.

Title - Risk of Loss

The product sold shall remain the property of HSC and shall remain personal property until fully paid for, and the Purchaser agrees to perform all acts which may be necessary to perfect and assure retention of title to such product by HSC. Risk of loss of the product, or any part of same, shall pass to the Purchaser upon delivery of such product or part as the designated delivery (F.O.B.) point.

Termination

Any order or contract may be terminated by the Purchaser only on written notice to HSC and upon payment of reasonable and proper termination charges.

In the event of termination of an order or contract, charges will be made by HSC in accordance with the following table:

- a. Where order is in process, but material is not released for manufacture - 10% of the price.
- b. Where order is in process with production space reserved and materials being readied for assembly:

Up to 15 days from order release date	20%
Up to 25 days from order release date	40%
Up to 30 days from order release date	60%
Above 30 days.....	80%
Completed.....	100%

Note: In the table above the days indicated are working days, counting five working days per week, exclusive of Saturdays, Sundays and holidays.

Cancellation

HSC shall have the right to cancel any order or contract at any time by written notice for any material breach of the order or contract by the Purchaser.

Held Orders

Any order held or delayed or rescheduled at the request of the Purchaser will be subject to the prices and conditions of sale in effect at the time of the release of the hold or the reschedule. When products are ready for shipment and shipment cannot be made because of reasons beyond HSC's control, HSC shall submit an invoice for such product payable upon receipt thereof and shall, upon written notice to the Purchaser, store such products. In such event, the following conditions shall apply:

Risk of loss of the product shall pass to the Purchaser upon moving such product to storage.

All expenses incurred by HSC in connection with the storage of products, including demurrage, the cost of preparation for storage, storage charges, insurance if placed, and handling charges shall be payable by the Purchaser upon submission of invoices therefore by HSC.

Over and Under Shipments

Due to manufacturing processes, HSC reserves the right to ship over or under 10% of the quantity ordered on Carbon Brushes, bushings, hardware, porcelain, ceramic

resistors and springs. In all cases the price will be based on the quantity shipped. On U.S. Government orders the exact quantity ordered will be furnished; no over or under shipments will be made.

Correspondence:

Send all correspondence and orders to HSC

Complete Description:

In ordering parts, give style number and description of part, or shop order number, complete nameplate reading, and serial number of the product for which the part is required. If modification of a standard part is required, order "Similar to Style No. except (state modification)."

General:

When HSC includes in its products "Outside Purchased Components" such parts can be secured through HSC.

HSC reserves the right to ship the latest superseding part, where interchangeable, in place of that ordered. Billing price will be that of the part shipped.

See "Shipment Damage"

Make claims for shortage within 30 days after receipt of shipment; otherwise they will not be considered.

Nuclear Application

In the event that the Purchaser or third parties use the product, or any part thereof, in connection with any activity or process involving nuclear fission or fusion or any use or handling of any source, special nuclear or by-product material as those materials are defined in the U.S. Atomic Energy Act of 1954 (as amended), Purchaser shall immediately notify HSC of such nuclear application. NRC 10CFR50 does not apply to products sold by HSC under this Selling Policy.

Homewood Sales Corporation
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