

PURCHASE TERMS & CONDITIONS

The following constitute binding Terms and Conditions between Chapter 2, Inc. (hereinafter “Buyer”) and the recipient of the purchase order accompanying these Terms and Conditions (hereinafter “Supplier”). Supplier’s acceptance of a purchase order from Buyer for goods and/or materials (hereinafter “materials”) shall constitute acceptance of these Terms and Conditions. These Terms and Conditions shall apply with regard to any and all current and future purchase orders submitted by Buyer to Supplier and need not be provided with each purchase order.

01. **INVOICES.** Invoices must be separated by purchase order number. As a minimum requirement, invoices must include date, purchase order number, part number, quantity, price and any applicable prepaid freight charges and any application taxes and/or duties. Supplier shall invoice the Buyer within 30 days of delivery of the materials. Additional charges, such as installation, service charges, packaging, shipping materials or other extra charges, will not be allowed unless specifically agreed upon in writing by the Buyer.
02. **PAYMENT AND SET-OFF RIGHTS.** Unless otherwise agreed upon, Supplier shall allow Buyer net 45 days for payment. No cash on delivery (C.O.D.) orders will be accepted or honored by Buyer. Without prejudice to any other right or remedy it may have, Buyer reserves the right to set off at any time any amount owing to it by Supplier against any amount payable by Buyer to Supplier.
03. **INSPECTION.** The Buyer has the right to inspect the materials on or after the date of delivery. Buyer, at its sole option, may inspect all or a sample of the materials, and may reject all or any portion of the materials if it determines the materials are nonconforming or defective. If Buyer rejects any portion of the materials, Buyer has the right, effective upon written notice to Supplier, to: (a) rescind the purchase order in its entirety; (b) accept the materials at a reasonably reduced price; or (c) reject the materials and require replacement of the rejected materials. If Buyer requires replacement of the materials, Supplier shall, at its expense, promptly replace the nonconforming materials and pay for all related expenses, including, but not limited to, transportation charges for the return of the defective goods and the delivery of replacement materials. If Supplier fails to timely deliver replacement materials, Buyer may replace them with materials from a third party and charge Supplier the cost thereof and terminate the purchase order for cause. Any inspection or other action by Buyer under this Section shall not reduce or otherwise affect Supplier’s obligations under any orders, and Buyer shall have the right to conduct further inspections after Supplier has carried out its remedial actions.
04. **PRICES.**
 - a. No price increase from the Supplier shall be effective unless agreed upon in writing by the Buyer in advance. Releases of blanket orders shall be the price last quoted to the Buyer. Supplier shall sell all materials to Buyer at the lowest price it

sells to any other purchaser within the 30 days prior and subsequent to the date of Buyer's purchase order. If Supplier should sell materials to another purchaser at a lower price than what was agreed upon between Supplier and Buyer, Supplier shall pay Buyer the difference of Buyer's price and the lowest purchaser's price.

- b. The purchase price shall include all taxes, duties, fees or other governmental charges due with respect to the materials. Buyer shall pay for any taxes that it is statutorily required to pay. Supplier shall provide Buyer with documentation that reasonably establishes Buyer's statutory liability to pay such taxes. If Supplier fails to provide such documentation, Buyer shall not be obligated to pay any such taxes.
 - c. Supplier shall be responsible for all shipping and insurance costs.
05. **DELAYS.** The supplier shall immediately notify the Buyer of any expected delivery delays. If the Buyer is unable to accept the new anticipated delivery date due to the demands of the Buyer and/or its customers, the Buyer reserves the right to cancel the order.
06. **RISK OF LOSS.** While materials are in transit, and until they are physically delivered to the Buyer's location, all risk of loss and/or damage will remain upon the Supplier.

07. SUPPLIER WARRANTIES.

- a. The Supplier warrants that all materials and services are of good quality and free of any defects in design, material and workmanship, consistent with the Uniform Commercial Code as adopted in the State of Wisconsin.
- b. The Supplier also warrants the services and materials conform to any and all specifications required by Buyer such as drawings, samples and other descriptions given by the Buyer. If the Buyer requires replacement of material found to be nonconforming or defective, the Supplier will replace the nonconforming or defective material within the number of days provided by the Buyer to the Supplier. The number of days shall be what is reasonable under the circumstances, considering the level of immediate need for the replacement parts as to not shut down or cause delay of the Buyer's process or products.
- c. The Supplier warrants not to infringe or misappropriate any third party's patent or other intellectual property rights.
- d. The Supplier warrants all materials are free and clear of all liens, security interests or other encumbrances.

08. **CANCELLATION.** The Buyer is entitled to cancel an order with cause without any liability or obligation on the Buyer's part for the following reasons:

- a. The Supplier fails to deliver the material/services when required and agreed upon,
- b. The Supplier provides materials/services that are nonconforming or defective,
- c. The Supplier suspends or discontinues its normal business operations,
- d. The Supplier becomes insolvent or an appointment is made for a receiver, trustee or custodian for any substantial portion of the Supplier's assets,
- e. The Supplier begins to file or files bankruptcy, reorganization or similar insolvency law.

09. **BUYER'S PROPERTY.** Any and all tools, drawings, designs, patterns, specifications or other property provided or paid for by the Buyer for the Supplier to use in filling the Buyer's orders shall remain the property of the Buyer. The Supplier may not use the property in connection to another customer's work. The Supplier shall protect the property and is responsible for any loss or damage. The Supplier is responsible for and must protect all confidential or restricted materials, data or information disclosed by the Buyer.

10. **IDEMNIFICATION.** Supplier agrees to indemnify, defend and hold Buyer harmless from and against any and all suits, claims, complaints, liabilities, damages, costs, losses or expenses, including reasonable attorney fees, incurred or suffered by Buyer as a result of or in connection with Supplier's breach of a warranty or violation of any of its obligations under these Terms and Conditions.

11. **ENDORSEMENT.** The Supplier shall not publicize or advertise any services or materials made for or provided to the Buyer without prior written consent of Buyer.

12. **GOVERNING LAW.** The laws of the State of Wisconsin govern the validity, performance and enforcement of this Agreement and the Parties shall resolve any dispute arising under or in any relation to this agreement in the Circuit Courts of Jefferson County, Wisconsin or the Federal District Court for the Western District of Wisconsin.