

GRACO INC. TERMS AND CONDITIONS

1. **ACCEPTANCE.** This Purchase Order is an offer to purchase Goods and/or Services as set forth on the face hereof. Any of the following acts by Seller shall constitute acceptance of this Order: Signing and returning a copy of this Order; delivery of any of the Goods Ordered; commencement of performance or informing the Buyer in any manner of commencement of performance; or returning Seller's own form on the face hereof. Any additional or different term or condition on Seller's acknowledgment form, or otherwise communicated by Seller in accepting this Order, shall be deemed to be a material alteration of this Order and is hereby objected to by Buyer. Any such term or condition shall be totally inapplicable to this Order unless specifically agreed to in writing signed by an authorized representative of Buyer. Acceptance of the Goods or Services covered by this Order shall not constitute acceptance by Buyer of Seller's terms and conditions. To the extent this Order is in any way deemed to be an acceptance of a quotation or other offer by Seller, any such acceptance is expressly conditional upon the consent of the Seller to the terms and conditions of this Order.

2. **PRICE AND DELIVERY.** Seller shall furnish the Goods and/or Services covered by this Order in accordance with the prices and delivery schedule stated on the face hereof. Unless otherwise specified in writing by Graco, delivery must be made freight collect via a Graco specified carrier. If prices and/or delivery dates are not stated, Seller shall offer its lowest prices and best delivery dates, both of which shall be subject to written acceptance by Buyer. All prices include all applicable taxes and other government charges, including, but not limited to all federal, state and municipal sales, use or excise taxes, or any customs duties.

Seller warrants that the prices charged for the Goods or Services Ordered shall be as low as the lowest prices charged by the Seller to any customers purchasing similar Goods or Services in the same or smaller quantities and under like circumstances. Buyer may return, or store at Seller's expense, any Goods delivered more than ten (10) days in advance of the delivery date specified for such Goods. No increase in price of the articles, materials or Services covered by this Purchase Order shall be binding unless accepted in writing by Purchaser.

3. **QUANTITY.** Quantities stated in this Purchase Order are the maximum quantities covered hereby and quantities in excess thereof shall not be accepted by Buyer. Buyer reserves the right to return for credit any quantities delivered in excess of those set forth herein at the risk and expense of Seller.

4. **F.O.B., TITLE AND RISK OF LOSS.** Unless otherwise specified, the F.O.B. point shall be Buyer's location designated on the face of this Order. If transportation is F.O.B. Seller's location, Seller shall bear all risk of loss or damage to the Goods and title shall not shift to Buyer until delivery of the Goods to the carrier. If transportation is F.O.B. Buyer's location, Seller shall bear all risk of loss or damage to the Goods, and title shall not shift to Buyer, until delivery of the Goods to Buyer's location.

5. **INVOICES.** Seller's invoice must bear the Purchase Order number set forth on the face hereof. Invoices accompanied by original bill of lading or express receipt must be mailed to Buyer on date of shipment. When Seller's invoices which are subject to cash discount are not mailed on date of shipment, the discount period shall be calculated as beginning on the date when such invoices are received by Buyer.

Payment of invoice shall not constitute acceptance of the Goods or requirements of this Order. Buyer may set off any amount owed by Seller or any of its affiliated companies to Buyer against any amount owed by Buyer to Seller under this Order.

6. **WARRANTIES.** In addition to all other express or implied warranties, Seller warrants that the Goods shall be: (i) free from defects in workmanship and materials; (ii) free from defects in design except to the extent that such Goods comply with the detailed design provided by Buyer; (iii) suitable for the purposes, if any, which are stated on the face of this Order; and (iv) in conformity with all the other requirements of this Order. These warranties, and all other warranties, express or implied, shall survive delivery, inspection, acceptance and payment.

In addition to any other rights Buyer may have, if Goods are found not to be as warranted within a period of one (1) year after acceptance by Buyer, Buyer may return such Goods to Seller, at Seller's expense, for correction, replacement or credit, as Buyer may direct. Any Goods corrected or furnished in replacement shall, from the date of delivery of such corrected, or replacement Goods, be subject to the provisions of this Section #6 for the same period and to the same extent as Goods initially furnished pursuant to this Order.

As to Services, in addition to any express or implied warranties, Seller warrants that it possesses the requisite expertise, facilities and equipment necessary and appropriate to perform the Services, and that such Services shall be performed in a safe and workmanlike manner. In addition to any other rights Buyer may have, if the Services are found not to be performed as warranted within a period of one (1) year after the conclusion of the performance of the Services by Seller, Seller shall, at Buyer's option, either refund to Buyer the amount paid for the Services, or perform the Services again in a proper manner to the extent necessary to provide Buyer with the result originally contemplated by Buyer.

7. **MATERIALS AND TOOLS.** If Buyer furnishes Seller material or equipment (such as special dies, molds, jigs, tools, test equipment, etc.) or pays for such material or equipment, title thereto shall remain or vest in Buyer, and Seller shall label, identify, maintain and preserve such material and equipment and shall dispose of it (including scrap) only in accordance with Buyer's direction. Unless otherwise authorized in writing by Buyer, Seller shall use such material or equipment exclusively in the performance of Purchase Order for Buyer. Seller shall be responsible for any loss, damage or destruction to such material or equipment, but Seller shall not include any insurance cost thereafter in the prices charged under this Order.

8. **PROPRIETARY INFORMATION.** All written information obtained by Seller from Buyer in accordance with this Order and which is identified as proprietary by Buyer shall be held in confidence by Seller and shall remain the property of Buyer, and shall be used and disclosed by Seller only to the extent necessary for the performance of this Order.

9. **SUBCONTRACTS.** Seller shall not subcontract for complete or substantially complete parts of the work called for by this Order without Buyer's prior written approval.

10. **COMPLIANCE WITH LAWS.** Seller shall comply with all federal, state and local laws, ordinances, rules and regulations in the manufacture and sale of the Goods and performance of the Services, including but not limited to the Fair Labor Standards Act, the Occupational Safety and Health Act, Executive Order 11246, the Rehabilitation Act, the Vietnam Era Veterans Readjustment Act, 41 C.F.R. §60-1.4 (Equal Opportunity); 41 C.F.R. §60-250.4 (Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era); 41 C.F.R. §60-741.4 (Affirmative Action for Handicapped Workers), and all laws relating to the environment or to human health or safety associated with the environment; or any other federal, state or local law or regulation of the same or similar nature, as the same may be amended or supplemented from time to time. Seller shall provide Buyer with Material Safety Data Sheets ("MSDS") upon delivering any goods to Buyer. MSDS must comply with the OSHA Hazard Communication Standard published as 29 C.F.R. §1910.1200. Seller shall defend and hold Buyer harmless from any loss (including attorneys' fees), damages, or costs arising from or caused in any way by any actual or alleged violation of any federal, state or local law, ordinance, rule or regulation.

11. **LIEN WAIVERS.** Seller shall furnish, upon Buyer's request, waivers by Seller and all other persons entitled to assert any lien rights in connection with the performance of this Order, and shall indemnify Buyer against all costs, loss or liability incurred by Buyer as a result of any failure by Seller or any other person to comply with the provisions of this Section #11.

12. **PATENT INFRINGEMENT.** Seller guarantees that the sale or use of any and all articles or materials delivered hereunder shall not infringe any patent or copyright; that Seller shall at its own expense defend any action, suit or claim in which an infringement of any patent or copyright is alleged with respect to the sale or use of said articles or materials; and that Seller shall indemnify and save harmless Buyer and/or its customers from any and all losses, costs and damages for infringement or alleged infringement of any patent or copyright because of the sale or use of said articles or materials.

13. **LIABILITY FOR INJURY.** Seller shall indemnify Buyer against any and all costs, loss and liability for all personal injury and property damage (including but not limited to response or remedial action costs associated with damage to the environment or to natural resources), caused by the Goods or Services performed by Seller (whether performed on the premises of Seller or Buyer or elsewhere), and shall defend at its sole cost and expense any action brought against Buyer as a result of any such personal injury or property damage. Seller shall carry and maintain insurance coverage sufficient to cover the above, and upon Buyer's request, shall furnish Buyer with satisfactory evidence of such insurance.

14. **ASSIGNMENT.** Seller shall not assign this Order or any rights under this Order without the prior written consent of Buyer, and no purported assignment by Seller shall be binding on Buyer without such written consent.

15. **NOTICE OF LABOR DISPUTES.** Whenever an actual or potential labor dispute delays, or threatens to delay, the timely performance of this Order, Seller shall immediately notify Buyer in writing of all relevant information with respect to such dispute.

16. **CHANGES.** Buyer may, at any time, by written change Order, suspend performance of this Order, in whole or in part, make changes in the drawings, designs, specification, method of shipment or packing, or time or place of delivery of the Goods, reschedule the Services, or require additional or diminished Services. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this Order, an equitable adjustment shall be made in the contract price or delivery dates or both, and this Order shall be modified in writing accordingly. Any claim for adjustment under this Section #16 may, at Buyer's option, be deemed to be absolutely and unconditionally waived unless asserted in writing (including the amount of the claim) and delivered to Buyer within thirty (30) days from the date of receipt by Seller of the change Order. If the cost of property made obsolete or excess as a result of a change is paid by Buyer, Buyer may prescribe the manner of disposition of such property.

Buyer's engineering and technical personnel are not authorized to change the Goods or Services Ordered or any other provision of this Order. No change Order shall be binding on Buyer unless issued by an authorized representative of Buyer's purchasing office. Nothing in this Section #16 shall excuse Seller from proceeding with the Order as changed.

17. **TERMINATION.** This Purchase Order has been placed by Buyer with Seller to enable Buyer to comply with a contract with its customer. Buyer reserves the right at any time and from time to time, without cause, to cancel all or any part of the undelivered portion of this Purchase Order by written notice to Seller. In the event of any such termination, Buyer shall, if such cancellation is not because of fault on the part of Seller, reimburse Seller for Seller's fabrication costs for all finished articles Ordered and in process prior to the effective date of such cancellation, and such reimbursement shall constitute Seller's sole remedy. The provisions of this paragraph shall not limit or affect the right of Buyer to terminate this Purchase Order for default of Seller.

18. **WAIVER.** The failure of Buyer to insist upon the performance of any provision of this Order, or to exercise any right or privilege granted to the Buyer under this Order, shall not be construed as waiving such provision or any other provision of this Order, and the same shall continue in full force and effect. If any provision of this Order is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the other provisions of this Order shall not be affected thereby, and shall remain in full force and effect.

19. **APPLICABLE LAW.** The validity, performance and construction of this Order shall be governed by the laws of the state shown on Buyer's address on this Order, unless such state is Louisiana, in which case the laws of the State of Minnesota shall apply.

20. **COMPLETE AGREEMENT.** This Order, and any supplemental sheets and riders annexed hereto by Buyer, contains the complete and entire agreement between parties as to the subject matter hereof, and replaces and supersedes any prior or contemporaneous communications, representations or agreements, whether oral or written, with respect to such subject matter.