

## Purchase Order Terms

1. **ACCEPTANCE:** This order is Buyer's offer to Seller. When Seller accepts this order, either by signing and returning the acknowledgement copy of other form of acknowledgement, or by substantial commencement of performance, or by delivery of any goods ordered, it shall become a binding agreement.
2. **COMPLETE AGREEMENT** This order is a complete and exclusive statement of the terms of the agreement between Seller and Buyer. Buyer will not be bound by, and specifically objects to any term, condition or other provision that is different from or in addition to the provisions of this Purchase Order that Seller proffers in any receipt, acceptance, confirmation or other document, unless Buyer specifically agrees to such provision in a written instrument signed by Buyer.
3. **MODIFICATION** No modification of this order (including any additional or different terms in Seller's acceptance) shall be binding on Buyer unless agreed to in writing by Buyer.
4. **SHIPMENT/DELIVERY** Shipment or deliveries (any specified in this order) shall be strictly in accordance with qualities and schedules specified in this order. No partial shipment shall be made unless previously authorized by Buyer. If at any time it appears that Seller will not meet such schedules, Seller shall promptly notify Buyer and, if requested by Buyer, ship by expedited routing to avoid delay to the maximum extent possible, the added cost to be borne by Seller. Deliveries received by Buyer more than five (5) working days prior to the scheduled delivery date on this order will not be accepted unless previously authorized by Buyer and will be subject to return to Seller, the added cost to be borne by Seller. This is in addition to Buyer's other remedies provided by the law.
5. **PACKING/MARKING** All goods shall be prepared for shipment and packaged to prevent damage or deterioration, secure lowest transportation rates and comply with Buyer's packaging specifications and all applicable laws and regulations including the Department of Transportation Hazardous Materials Regulations. In addition, all goods designed as electrostatic discharge sensitive shall be marked and packaged in accordance with JDEC SPCE 108.
6. **INVOICE/PAYMENT** A separate invoice and bill of lading shall be issued for each shipment. Unless otherwise specified, no invoice shall be issued prior to shipment of goods and no payment shall be made prior to receipt of goods and a correct invoice. SonoSite will pay invoices within 30 to 45 days after receipt of acceptable material. SonoSite reserves the right to take all discounts offered for payment within a shorter period. **ONLY INVOICE DISCOUNTS OF 2% OR MORE WILL BE CONSIDERED.**
7. **WARRANTIES**
  - a. All goods delivered will conform to the specifications, drawing, samples, or other descriptions specified by the Buyer or if none are so specified, to the Seller's standard specifications for such material; will be new and unless specified to the contrary on the face of the order, will be free from defects in material, workmanship, design, liens, encumbrances and will be fit for the intended purposes.
  - b. Material and work performed will comply with the Occupations Safety and Health Act of 1970 and regulations implementing it.
  - c. Seller's warranties (and any more favorable warranties, service policies or similar undertakings of Seller) shall be enforceable by Buyer's customers and any subsequent owner or operator of the goods, as well as by Buyer.
  - d. Seller will indemnify and hold Buyer and it's customers harmless against all claims, losses, liability and expenses (including counsel fees) arising from any breach of the warranties set for the in Sections 7(a) and 7(b).
  - e. The Seller warrants that the prices for the goods sold to the Buyer under this order are not less favorable than those currently extended to any other customer for the same or like goods in equal or less quantities. In the even Seller reduces its price for such goods during the term of this order. Seller agrees to reduce the prices hereof correspondingly.
8. **INSPECTION** All goods are subject to final inspection and acceptance by Buyer at destination notwithstanding any payment or prior inspection at source. Final inspection will be made within a reasonable time after receipt of goods. Seller agrees to permit the Buyer's inspections to have access to the Seller's plant at all reasonable times for the purposes of inspecting the items set forth in this order of work in process of such items.
9. **REJECTION** If goods received are rejected by Buyer, Seller has the responsibility to provide replacements, in an expeditious manner, at the Seller's expense. However, unless agreed to in writing by Buyer, Seller shall have no right to replace or correct non-conforming goods, which have been rejected by Buyer. Buyer may return goods rejected and goods supplied in excess of quantities called for herein, to the Seller at the Seller's expense.
10. **CANCELLATION/TERMINATION** In addition to Buyer's other remedies provided by law, Buyer may:
  - a. Cancel this order in whole or in part, without further obligation in the event of Seller's failure to deliver goods to Buyer as scheduled or if the goods are defective or, Seller fails to comply with any of the terms or conditions of this agreement. Acceptance of part of the order shall not oblige Buyer to accept later shipments or affect it's right to return goods already accepted and
  - b. Terminate this order at any time in whole or in part for it's convenience upon written notice to Seller if causes beyond the reasonable control of Buyer make receipt or use of the ordered goods impracticable. In the event of termination under this Section 10(b), Buyer shall be liable for Seller's actual incurred costs to termination date but in no event shall Buyer be liable for any loss of profits, indirect, consequential or special damages. Upon such settlement, all materials special tools, and work in process will become property of the Buyer.
11. **PATENT INDEMNITY** Seller shall defend Buyer, Buyer's customers, and any subsequent seller or user of the goods against all claims and proceedings alleging infringement of any United States or foreign patent by any goods or services delivered under this order, and Seller shall hold them harmless from any resulting liabilities, losses and expenses (including reasonable attorney's fees) provided Seller is reasonably notified of such claims and proceedings. Seller's obligation shall not apply to goods manufactured pursuant to detailed designs developed and furnished by Buyer nor to any infringement arising from the use or sale of goods in combination with items not delivered by Seller if such infringement would not have occurred from the use of sale of such goods solely for the purpose for which they were designed or sold to Buyer.
12. **ASSIGNMENT** No assignment of rights or delegation of duties under this order shall be binding upon Buyer, without its prior written consent. No invoices may be rendered by others then the named Seller without the written consent of the Buyer. All claims for monies due or to be come due from the Buyer shall be subject to deduction by the Buyer for any setoff or counterclaim arising out of it's or any other purchase orders with the Seller, whither such setoff or counterclaim arose before or after such assignment by the Seller.
13. **CONFIDENTIAL DISCLOSURE** Seller shall keep confidential all proprietary information provided by Buyer, including but not limited to, designs, processes, specifications, reports, data and other technical or business information and the features of all parts, equipment, tools, gauges, patterns and other items furnished or disclosed to Seller by Buyer. Unless otherwise provided herein, or thereof, only in the performance of this order. Upon completion, cancellation or termination of this order, Seller shall, at Seller's expense, dispose of all such information and items as directed by Buyer. IN all subcontracts for performance of work related to this order, Seller shall include provisions that provide Buyer the same protection as provided by this paragraph. Unless otherwise agreed in writing, no commercial or technical information disclosed by Seller to Buyer shall be deemed confidential.
14. **CHANGES** Buyer may, at any time by written order, make changes within the general scope of this order. If any change causes an increase or decrease in the cost of time required in the performance of this order, and equitable adjustment shall be made in the price or delivery schedule, or both. Any claim by Seller for adjustment under this paragraph shall be asserted within 30 days of the date of receipt by Seller of Buyer's written order. Buyer shall have the right to examine any of the Seller's pertinent books and records for the purpose of verifying Seller's claim. Nothing in this paragraph shall excuse Seller from proceeding with this order as changed, including failure of the parties to agree upon any adjustment to be made.
15. **BUYER'S PROPERTY** The Seller agrees that the information (tools, jigs, dies, etc.), drawings, patterns and specifications supplied or paid for by the Buyer shall be a remain Buyer's property and shall be held by the Seller for Buyer unless directed otherwise. The Seller will account for such times and keep them in good working condition and fully covered by insurance at all times without expense to the Buyer.
16. **SUBCONTRACTING** No goods to be delivered under this order shall be procured by Seller from a third party in completed or substantially completed form without Buyer's prior written consent. Any changes in the Seller's use of the subcontractors previously authorized by Buyer will require the Buyer's written consent.
17. **NON-WAIVER** Failure of Buyer to enforce any provision of this order shall not constitute a waiver of the provision.
18. **APPLICABLE LAW** This order and acceptance hereof, shall be governed by the laws of the State of Washington.
19. **COMPLIANCE WITH LAWS**
  - a. Seller warrants that all goods and services sold hereunder shall have been produced, sold, delivered and furnished in strict compliance with all applicable laws and regulations including EEO and Affirmative Action, to which they are subject. Seller shall execute and deliver such documents as may be required to effect or to evidence compliance. All laws and regulation required in agreements of this character are hereby incorporated by this reference, including provisions of 38 U.S. Code 2012, Executive Orders 11246, 11375, 11758, 11701 and 12806, amended and any subsequent executive orders relating to equal opportunity for employment on government contracts. If Seller is required by this purchase order to employ workers on Buyer's premises, conditions of such employment shall be consistent with Buyer's labor agreements, or personnel policies and practices, and shall not interfere with Buyer's operations.
  - b. The following Federal Acquisition Regulation ("FAR") clauses are incorporated in this agreement by reference with the force and effect as though set forth in full text herein: 52.20313 (Contractor Code of Business Ethics and Conduct (Dec. 2008)- applicable only if total contract amount is over \$5 million or performance period is more than 120 days); 52.219-8 (Utilization of Small Business Concerns (May 2004)); 52.222-26 (Equal Opportunity (Mar. 2007)); 52.222-35 (Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans (Sept. 2006)); 52.222-36 (Affirmative Action for Workers with Disabilities (June 1998)); 52.222-39 (Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec. 2004)); 52.222-41 (Service Contract Act of 1965 (July 2005)- applicable if this agreement is subject to the Service Contract Act of 1965); and 52.247-64 (preference for Privately Owned U.S.- Flag Commercial Vessels (Feb. 2006)). The incorporated provisions of the FAR are subject to the substitution of definitional terms as provided below. The full text of these clauses may be accessed at <http://www.acquisition.gov/far>. For purposes of this Agreement, the FAR clauses cited above shall operate, impose the obligations and responsibilities of the parties, and be interpreted as if "Government" means "Customer" or "SonoSite, Inc", "Contracting Officer" means "Customer's Representative", "Contract" means this agreement, "Offeror" means "Seller", and "Disputes Clause" means the disputes provisions of this agreement.
20. **INSURANCE** The following applies of this order involves assembly, repair or services in or upon the Buyer's premises. The Seller shall maintain such insurance as will cover and include the entire obligation assumed in the order as well insurance as will protect him/her from claims and liability under the Workmanship Compensation Act and from any other claims or liability for damages including bodily injury and for damages to property which may arise from operations under this order. Certification of such insurance shall be submitted to the Buyer prior to commencement of work. To satisfy the provisions outlined above, the Seller must submit a certificate of insurance signed by the insurer.