

NGH III PURCHASE ORDER TERMS AND CONDITIONS

1. **Applicability.** The purchase order ("Purchase Order") together with these terms and conditions, which are hyperlinked from the Purchase Order or otherwise provided to Seller, collectively constitute a binding agreement (the "Agreement") between the Buyer and the Seller (as each is shown on the face of the Purchase Order), and apply to all purchases of products ("Products") and services ("Services" and together with the Products, "Ordered Items") by Buyer from Seller, as such Ordered Items may be described on the face of the Purchase Order. Forecasts, to the extent any are provided by Buyer, are strictly non-binding, do not constitute any commitment by Buyer to purchase, and may not be relied upon by Supplier. In the event of any conflict between the Agreement and any other document or instrument submitted by Seller, the Agreement will govern. Seller must reject Purchase Orders within three days of receipt or the Agreement will be deemed accepted by Seller. Buyer expressly limits acceptance of the Agreement to the terms stated herein. Any additional, different, or inconsistent terms or conditions contained in any form, acknowledgment, acceptance, or confirmation used by Seller in connection with the implementation of the Purchase Order are hereby objected to and rejected by Buyer, however such proposal does not operate as a rejection of the Agreement (unless such variances are in the terms of the description, quantity, price or delivery schedule of the Ordered Items), but will be deemed a material alteration thereof, and the Agreement shall be deemed accepted by the Seller without any additional, different or inconsistent terms. As an exception to the foregoing, any written agreement between Buyer and Seller in effect at the time Buyer submits a Purchase Order that contains terms and conditions that are inconsistent with these terms and conditions will have priority over these terms and conditions.

2. **Shipment and Delivery; Alternate Source.**(a) All Products must be (i) suitably packed or otherwise prepared by Seller for shipment to prevent damage, to obtain the lowest transportation and insurance rates, and to meet the carrier's requirements, and (ii) shipped in accordance with the instructions on the Purchase Order. Expenses incurred due to failure to comply with these terms are the responsibility of Seller. Seller's name, complete ship to address and Purchase Order number must appear on all invoices, bills of lading, packing slips, cartons and correspondence. Bills of lading must be attached to invoices submitted, showing carrier, number of cartons and weight and date of shipment. Packing slips must accompany all shipments listing contents of shipment in detail.(b) Title to and all risk of loss or damage to Products remains with Seller until receipt by Buyer of conforming Products at the required destination (FCA per INCOTERMS 2010 if shipment is international). Time is of the essence. Deliveries are to be made only in the quantities and at the times specified in the Purchase Order (Delivery terms FCA per INCOTERMS 2010 if shipment is international). If delivery is not expected to be made on time, Seller must immediately notify Buyer and take reasonable steps, at its cost, to expedite delivery. Buyer may cancel any order if delivery is not made on time or if notice is given that a delivery is expected to be late.(c) Buyer may reject any delivery or cancel all or any part of any Purchase Order if Seller fails to make delivery in conformity with the terms and conditions of the Agreement including, without limitation, any failure of Products to conform to the specifications ("Specifications") and performance criteria published by Seller for Products. Buyer's acceptance of any non-conforming delivery shall not constitute a waiver of its right to reject future deliveries. If Seller (i) fails to supply Products, (ii) fails to supply Products meeting Specifications, or (iii) fails to meet Buyer's delivery schedules and delivery requirements, and Seller does not provide a comparable quality substitute (for which substitution Seller must assume any expense and price differential), then Buyer may, in its sole discretion, purchase Products from another supplier as an alternate source as Seller, in its sole discretion, deems necessary. In such event, Seller shall reimburse Buyer for any additional costs and expenses incurred by Buyer in purchasing Products from such other supplier as an alternate source. Upon identification and notification of defective Products or nonconforming shipments, Buyer shall receive full credit either for scrap or return, which credit will include full costs paid to Seller, together with shipping, processing and related costs, if applicable. Within one week of the shipment of the defective Product, Seller shall submit to Buyer a written explanation of the root cause and corrective actions implemented to prevent reoccurrence.

3. **Prices; Payment.** Prices for all Ordered Items will be as stated in the Purchase Order, and include all applicable federal, state, provincial and local taxes; provided, however, that in no event will the price charged by Seller under the Agreement be less favorable than the lowest price charged by Seller to other customers purchasing similar or lesser quantities of the Ordered Items. Payment terms for all Ordered Items will be as stated in the Purchase Order. Buyer shall be entitled to set off any amounts owing at any time from Seller to Buyer or any of its affiliated companies against any amount payable at any time by Buyer or such affiliates in connection with the Agreement.

4. **Inspection/Testing.** Payment for the Ordered Items does not constitute acceptance thereof. Buyer has the right to inspect all Ordered Items and to reject any or all Ordered Items that are in Buyer's judgment defective or nonconforming. Buyer may request, at its option, repair or replacement of rejected Ordered Items or a refund of the purchase price. Ordered Items supplied in excess of the quantities specified in the Purchase Order may be returned to Seller at Seller's expense. Buyer reserves the right to use rejected materials, as it believes advisable or necessary to meet its contractual obligations to customers, without waiving any rights against Seller. Nothing contained in the Agreement relieves Seller from the obligation of testing, inspection and quality control.

5. **Confidentiality and Proprietary Rights.** Any specifications, drawings, sketches, models, samples, tools, technical information, methods, processes, techniques, shop practices, plans, know-how, trade secrets, or data, written, oral or otherwise (collectively, the "Information") furnished to Seller under, or in contemplation of, the Agreement remain Buyer's property. All copies of such Information, in written, graphic or other tangible form, must be immediately returned to Buyer upon its request. The Information shall be kept confidential by Seller, shall be used only in the fulfillment of Purchase Orders, or in performing Seller's obligations under the Agreement, and may be disclosed or used for other purposes only upon such terms as may be agreed upon between Buyer and Seller in writing. Seller hereby grants to Buyer a perpetual, transferable and royalty-free license to use, sell, offer for sale, import, distribute, advertise, market and promote Products (including through packaging, repackaging, labeling, bundling and documentation) that incorporate in whole or in part the patent, copyright, trademark, trade dress or other intellectual property rights of Seller. Seller hereby assigns to Buyer, and not otherwise to make use of, any invention, improvement or discovery (whether or not patentable), conceived or reduced to practice in the performance of the Agreement by Seller or any employee of Seller or any other person working under Seller's direction, and such assignment shall be considered as additional consideration for the making of the Agreement. Upon request of Buyer or completion of performance of the Agreement, Seller shall deliver to Buyer any and all information relating to any such invention, improvement or discovery, and shall cause employees or others subject to Seller's instruction to sign as appropriate all documents necessary to enable Buyer to file applications for patents throughout the world and to obtain title thereto.

6. **Warranties.** Seller represents and warrants that: (a) all Ordered Items and Seller's performance under the Agreement will (i) conform to all applicable drawings, specifications, descriptions, and samples furnished to or supplied by the Seller, (ii) be free from defects in design, material, and workmanship, and (iii) be in compliance with all then applicable laws (whether foreign or domestic), including without limitation laws related to the health and safety of consumers and the protection of the environment and child labor laws; (b) the Ordered Items (including packaging, labeling and documentation) do not infringe upon or violate any intellectual property, right of privacy or other proprietary or property right of any third party; (c) it has the right to grant Buyer a license to any software embedded or incorporated into any Ordered Items; (d) all Services will be performed in a workmanlike manner; and (e) it has complied and shall comply with all laws applicable to its performance under the Agreement. **EXCEPT AS EXPRESSLY PROVIDED HEREIN, SELLER MAKES NO EXPRESS OR IMPLIED WARRANTIES UNDER THE PURCHASE ORDER AND EXCLUDES ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

7. **Termination.** Buyer may terminate the Agreement in whole or in part upon 15 days' written notice to Seller. If Seller defaults in the performance of its obligations under the Agreement and is unable to cure the default within 10 days following notice of the default, Buyer may terminate the Agreement upon written notice. Upon the termination of the Agreement, in whole or in part, by Buyer for any reason, Seller shall immediately (a) stop all work under the terminated Agreement, (b) cause any of its suppliers or subcontractors to cease work, and (c) preserve and protect work in progress and materials on hand purchased for or committed to under the Agreement in its own and in its suppliers' or subcontractors' plants pending Buyer's instructions. Buyer shall not owe Seller any lost profit or payment for any materials or Products that Seller may consume or sell to others in its ordinary course of business.

8. **Indemnity; Insurance.** Seller shall defend, indemnify and hold harmless Buyer, its affiliates, officers, employees and agents against all claims, damages, liability, losses, fines, or judgments, including costs, attorney fees, and other expenses, relating to or arising out of (a) Seller's breach of the Agreement; (b) death or injuries to persons or property due to Seller's breach of the Agreement; (c) the failure of the Products or Seller's performance of the Services to comply with the requirements of the Agreement, or (d) infringement of a third party's intellectual property rights by any Products (including packaging, labeling and documentation) or Services.

9. **Catastrophic Defects.** Seller shall, within 30 days of Buyer's demand, indemnify Buyer or its designated third party service provider for all costs and expenses of parts, labor, administrative costs, shipping costs, replacement product costs and other expenses (including reasonable attorneys' fees and expenses) related to or arising from a Catastrophic Defect, Product recall or Product field fix. "Catastrophic Defect" will be deemed to occur when: (a) the representations and warranties set forth in Section 6 are breached with respect to (i) 3% or more of the Products shipped within any three-month period, or (ii) 1% of the Products shipped within the first six months of the initial agreement between Seller and Buyer; (b) the return and exchange rate of the Product sold by Seller to Buyer is in excess of the category average for the Product, as determined by Buyer's records; (c) a single or single group of defects in a Product (any manufacturing defect that affects the Product cosmetically or functionally) is determined by Buyer to impact more than 10% of such Products; (d) a Product (including any service parts, replacement parts, spare parts, assemblies and tools required for servicing Products) recall is necessary in the reasonable opinion of Buyer or Seller; or (e) the Product should be pulled from the marketplace to comply with applicable law as determined by Buyer in its sole discretion (including but not limited to, cases of a voluntary or mandatory consumer product safety recall); provided, however, that no Catastrophic Defect will be deemed to occur if the applicable defect results solely from an act or omission of Buyer.

10. **Insurance.** Seller shall at all times maintain commercial general liability insurance, including products and completed operations liability, with limits and in the form as requested by Buyer, and workers' compensation insurance as required by law. At Buyer's request, Seller shall have Buyer added as an additional insured on the commercial general liability insurance policy and shall furnish Buyer with a certificate of insurance and applicable insurance policy endorsements evidencing such insurance.

11. **Limitation of Liability.** In no event shall Buyer's aggregate liability for any loss or damage arising out of or in connection with or resulting from the Agreement exceed the price allocable to the Products or Services or unit thereof which gives rise to the claim. Buyer shall not be liable for interest charges or penalties of any description. No lawsuit may be brought against Buyer on account of any breach by Buyer unless the suit is instituted within two years of the date of the breach.

12. **Governing Law.** The Agreement and all rights and duties under the Agreement are governed by, and construed in accordance with, the laws of the State where Buyer's principal office is located. The United Nations Convention on Contracts for the International Sale of Goods does not apply. Buyer shall have all rights and remedies granted it by the Uniform Commercial Code, without exclusion or limitation. Buyer's rights under the Agreement are in addition to any other legal or equitable remedies it may have against Seller. The parties hereby irrevocably consent to exclusive jurisdiction of, and venue in, State or Federal court in the State where Buyer's principal office is located.

13. **Compliance Matters.** Seller must comply with all Buyer policies applicable to Seller, including without limitation, the Nortek, Inc. ("Nortek") Code of Business Conduct and Ethics found at <http://www.nortekair.com/>. Seller must strictly comply with all applicable statutes, laws and regulations ("Laws"), including without limitation, all applicable environmental, health and safety, trade, and import/export Laws.

14. **Conflicts Minerals Compliance.** The Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 and related Securities and Exchange Commission (SEC) rules (Conflict Mineral Law) requires that Nortek publically disclose via annual SEC filings the country of origin of "Conflict Minerals" contained in products Nortek manufactures or contracts to manufacture. "Conflict Minerals" include tin, tantalum, tungsten, gold and relevant ores and derivatives (3TG). Seller is required to comply with the Nortek Conflict Minerals Policy, which, at a minimum, means performing the following activities:

- Establish a conflict mineral policy consistent with Nortek's policy, implement management systems to support compliance with its policy and require its suppliers of any tier to take the same steps.
- Complete Nortek's Conflict Minerals survey, identifying products, components and materials containing 3TG minerals (3TG Product) it sells to Buyer and the smelter that provided the original 3TG mineral. Buyer's direct suppliers may have to require successive upstream suppliers to complete Nortek's Conflict Minerals survey until the smelter is identified.
- On an annual basis, provide a report to support Nortek's SEC reporting requirements.
- Ultimately, supply "Conflict Free" 3TG Product. Once the supply chain is identified, commit to purchasing from smelters which are certified as conflict free by a recognized program such as the Conflict Free Smelter ("CFS") program.

Buyer shall evaluate its supplier relationships on an ongoing basis to ensure continued compliance. Buyer reserves the right to request additional documentation from its suppliers regarding the source of any conflict minerals included in its 3TG Products. Buyer expects all suppliers to perform these activities in "good faith" and work towards eventual conflict-free status. Buyer shall establish reasonable remediation steps and action plans where necessary.

15. **Anti-Corruption.** Seller shall at all times conduct its activities in accordance with all applicable laws, rules, regulations and orders related to anti-bribery or anti-corruption legislation including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977 and all national, state, provincial or territorial anti-bribery and anti-corruption statutes. Accordingly, Seller shall make no offer, payment or gift, will not promise to pay or give, and will not authorize, directly or indirectly, the promise or payment of, any money or anything of value to any Buyer employee or agent, any government official, any political party or its officials, or any person while knowing or having reason to know that all or a portion of such money or item of value will be offered, given or promised for the purpose of influencing any decision or act to assist Seller or Buyer or otherwise obtaining any improper advantage or benefit.

16. **General.** The invalidity of any provision contained in the Agreement will not affect the validity of any other provision. Buyer's failure to insist on performance of any term or condition or to exercise any right or privilege shall not waive any such term, condition, right or privilege. The Agreement may be amended or modified only by a written instrument separately signed by Buyer or Seller. Seller shall not subcontract or assign its rights and obligations under the Agreement, in whole or in part, without Buyer's consent. The provisions of Sections 5-9, 11, 12 and 16 survive termination of the Agreement.