

Terms and Conditions of Sale

1) **Scope.** Prices quoted are for acceptance within thirty (30) days from date of quotation unless otherwise stated. The terms and conditions of sale set forth below apply to all quotations made and purchase orders accepted by Seller.

2) **Acceptance of Orders.** All orders are subject to acceptance by authorized officials at Seller's division or subsidiary offices.

3) **Scheduling.** Shipping dates are approximate and are based upon prompt receipt of all necessary information. Buyer shall furnish to Seller written shipping instructions in sufficient time to permit Seller to make shipment at Seller's option within any time or times herein specified for shipment. In the event of a delay in delivery due to any reason described in Section 16 below the delivery date shall be deferred for a period equal to the time lost by reason of delay. In the event such delay shall continue for more than two weeks then, at Seller's option, the order will be deemed cancelled without liability to Seller.

4) **Quantities.** Seller reserves the right to ship quantities (or weight, as applicable) that are within ten percent (10%) of the quantity (or weight) specified by Buyer, and Seller shall not be liable for any overshipment or undershipment within this limit. In the event of only overshipment within this limit, Buyer shall pay for the actual quantity (or weight) shipped.

5) **Delivery and Transportation.** Seller's delivery dates are approximate. Seller shall not be liable for delays in delivery or other defaults in performance of this order arising out of causes beyond Seller's control. Unless otherwise agreed to in writing by Seller, delivery of the products hereunder shall be made F.O.B. at the point of shipment with delivery to the initial carrier to constitute delivery to the Buyer. Title to products passes to Buyer and products are at risks of Buyer from and after delivery to the initial carrier. Transportation expenses will be paid by Buyer and risk of loss, shortage, delay or damage to products in transit shall fall upon Buyer, whose responsibility it shall be to file claims with the carrier.

6) **Terms of Payment.** Invoices are due and payable (30) thirty days from the date of invoice unless other terms are shown on the face hereof. A 1 ½% carrying charge will be applied to all past due amounts. If shipments are delayed by Buyer, payments shall become due on the date when Seller is prepared to make shipment. If the work covered by the purchase order is delayed by Buyer, payments shall be made based on the purchase price and the percentage of completion. Seller reserves the right to ship to its order and make collection by sight draft with bill of lading attached.

7) **Taxes.** Prices do not include foreign or domestic sales, use, excise or similar taxes. Consequently, in addition to the prices specified herein, the amount of any present or future sales, use, excise or other general or specific tax, or imports, duties or penalties or other government charges fixed or imposed by any lawful authority(s) upon or applicable to the production, sale, shipment, delivery or use of the products sold hereunder shall be added to the price and be paid by Buyer, or in lieu thereof, Buyer shall provide Seller with a tax exemption certificate acceptable to the taxing authorities. If such tax is paid by Seller, Buyer shall reimburse Seller upon presentation of invoice.

8) **Warranty.** Seller warrants the products manufactured by it to be free from defects in material and workmanship only. The extent of Seller's obligation hereunder is to either repair or replace its work or the defective products, F.O.B. Seller's plant, if returned within 12 months after date of delivery. No allowance will be granted for repairs or alterations made by Buyer without Seller's written approval. The warranty shall not be construed to cover the cost of any work done by Buyer on material furnished by Seller or the cost of removal or installation of product. Products and parts not manufactured by Seller are warranted only to the extent and in the manner that the same are warranted to Seller by Seller's vendors and then only to the extent Seller is able to enforce such warranty. There is no other warranty, expressed or implied, in fact or by law.

THE FOREGOING STATES THE SOLE AND EXCLUSIVE WARRANTY OF BUYER AND THE SOLE AND EXCLUSIVE WARRANTY OF SELLER. THE WARRANTIES STATED IN THIS PARAGRAPH ARE IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR VERBAL, STATUTORY, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE HEREBY DISCLAIMED.

Seller's agreement to sell the products is made upon the condition and agreement that, with respect to the products, there have been no representations or undertakings made by or on behalf of Seller and Seller makes no guarantees or warranties, expressed or implied, in fact or in law, except as expressly stated above.

9) **Limitation of Liability.** Seller shall not be responsible, obligated, or liable for any injury or damage resulting from an application or use of its products, either singly or in combination with other products. SELLER'S SOLE LIABILITY FOR BREACH OF WARRANTY OR ANY OTHER CLAIM SHALL BE LIMITED TO REPAIR OR REPLACEMENT OF THE PRODUCTS OR RETURN OF THE PURCHASE PRICE, AT SELLER'S SOLE OPTION. SELLER SHALL NOT BE LIABLE FOR DAMAGES, INCLUDING BUT NOT LIMITED TO CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE PRODUCTS OR ARISING OUT OF ACCEPTANCE OF THIS ORDER.

10) **Acceptance of Products.** Products will be deemed accepted without any claim by Buyer unless written notice of non-acceptance is received by Seller within 30 days of delivery if shipped F.O.B. point of shipment, or 10 days of delivery if shipped F.O.B. point of destination. Such written notice shall not be considered received by Seller unless it is accompanied by all freight bills for such shipment, with agent's notations as to damages, shortages and conditions of equipment, containers and seals. Non-accepted products are subject to return policy stated below.

11) **Return of Products.** No product may be returned to Seller without Seller's prior written permission, which permission may be withheld by Seller in its sole discretion.

12) **Damages to Returned Products.** If Buyer elects to return product(s) to Seller for refurbishment, Buyer agrees to accept all risk of damage or destruction of such returned product(s), and Seller shall not be liable for any failure or inability on the part of Seller to complete refurbishment upon any such returned products.

13) **Limitations of Actions.** Irrespective of whether Seller agreed to perform field start-up or any other service after the delivery of the product, all claims or actions must be brought within one (1) year of date of tender of delivery, or 18 months of Buyer's order, if no tender of delivery is made, notwithstanding any statutory period of limitation to the contrary.

14) **Patents.** Buyer shall hold Seller harmless against any expense or loss resulting from infringement of patents or trademarks arising from compliance with Buyer's design, specifications or instructions.

The sale of products or parts thereof by Seller does not convey any license by implication, estoppel, or otherwise under patent claims covering combinations of these products or parts with other devices or elements.

15) **Financial Responsibility.** If in the sole judgment of Seller the financial resources of Buyer become impaired or unsatisfactory at any time during the term of the agreement between the parties, then Seller may require of Buyer a deposit or suitable security or margin for performance by Buyer in such amount or amounts from time to time as Seller shall specify. Upon requirement of deposit, Buyer shall make such deposit not later than the close of Seller's next business day. If Buyer fails to make such deposit, then Seller may at its option (1) cancel the agreement between the parties or the undelivered portion thereof, in which case Buyer agrees to pay Seller the difference between the market price on date of cancellation and the contract price; (2) resell at any time for Buyer's account all or any undelivered portion of the products, in which case Buyer agrees to pay Seller the difference between the resale price and the contract price; or (3) otherwise change the terms of payment. In the event Buyer shall be or becomes insolvent, or admits in writing Buyer's inability to pay Buyer's debts as they mature, or if Buyer shall make an assignment with creditors or if there are instituted by or against Buyer proceedings in bankruptcy or under any insolvency laws or for reorganization, receivership or dissolution, Seller may terminate the agreement between the parties at any time and without notice.

16) **Force Majeure.** In the event of war, fire, epidemics, quarantine restrictions, flood, strike, labor trouble, breakage of equipment, accident, riot, the imposition of any government price control regulation or any other act of governmental authority, acts of God or other contingencies (whether similar or dissimilar to the foregoing) beyond the reasonable control of Seller, interfering with the production, supply, transportation, or consumption practice of Seller at the time respecting the products covered by the agreement between the parties or in the event of inability to obtain on terms deemed by Seller to be practicable any raw material (including energy source) used in connection therewith, quantities so affected shall be eliminated from the contract without liability, but the contract shall otherwise remain unaffected. Seller may, during any period of shortage due to any of these causes, allocate its supply of such raw material among its various uses therefore (e.g. manufacturing and sales) in such manner as Seller deems practicable and allocate its supply of such products among such various uses thereof in any manner which Seller deems fair and reasonable.

17) **Reasonable Attorney's Fees.** In the event suit or other proceeding shall be brought for the recovery of the purchase price or any unpaid balance or the breach by Buyer of any term of the agreement between Seller and Buyer, Buyer shall pay to Seller in addition to any damages provided by law, reasonable attorney's fees and costs of collections.

18) **Security Title.** Security title and right of possession of the products sold hereunder shall remain with Seller until all payments due from Buyer to Seller (including deferred payments whether evidenced by notes or otherwise) shall have been made in cash and Buyer agrees to do all acts necessary to perfect and maintain such security right and title in Seller.

19) **Cancellations.** Buyer may cancel an order only upon written consent and upon payment to Seller of cancellation charges, which shall take into account, among other things, expenses incurred and commitments already made by Seller, and Seller's profit margin.

20) General.

(a) The agreement between Buyer and Seller and matter connected with the performance thereof shall be construed in accordance with and governed by the law of the State of Seller's accepting offices, as referenced in Section 2, as if it were executed and performed entirely within the State of Seller's accepting offices, as referenced in Section 2, and shall be construed to be between merchants.

(b) Any assignment of the agreement between Buyer and Seller or any rights or obligations of the agreement by Buyer without written consent of Seller shall be void.

(c) Except as may be expressly provided to the contrary in writing, the provisions of the agreement between Buyer and Seller are for the benefit of the parties hereto and not for any other person.

(d) No waiver by Seller of any breach of any provision of the agreement between Buyer and Seller will constitute a waiver of any other breach.

(e) The terms and conditions set forth above contain all of the representations, stipulations, warranties, agreements and understandings with respect to the subject matter of the agreement between Buyer and Seller, and its execution has not been induced by any representation, stipulation, warranty, agreement or understanding (including any course of prior dealings between the parties hereto) of any kind other than those set forth above.

(f) No amendment, addition to, alteration, modification or waiver of all or part of the agreement between Buyer and Seller shall be of any force or effect unless in writing and signed by Seller. If the terms and conditions set forth above conflict with those of any purchase order of Buyer written in connection with the sale of the products or any portion thereof, then the terms set forth above shall govern.

21) **Arbitration.** Any controversy or claim arising out of or relating to the agreement between Buyer and Seller, or the breach thereof, shall be settled in the City and State of the Seller's accepting offices, as referenced in Section 2, by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.