

## STANDARD CONDITIONS OF SALE

- PRICE.** Quoted prices are based on total quantities for each item and for all items quoted. Increases or decreases in quantities or changes in specifications may affect prices, warranty and delivery. Quoted prices are predicated on labor costs at straight time rates. Premium or overtime costs will be added to prices quoted herein when overtime work is requested by Buyer. Materials to be used in the work covered by this Proposal are from Seller's normal sources of supply and means of transport. Should Buyer make specific requests as to sources of supply and transport, all additional charges shall be for Buyer's account.

The prices quoted, unless otherwise specified, do not include transportation charges, taxes or governmental charges on labor or the use of the product covered by this Proposal. Such charges shall be added to the proposal price and paid by the Buyer. Unless otherwise specified, the price quoted does not continue after 30 days from the Proposal date.

Where freight is included in contract price, any increase in freight charges on or after date of the Proposal shall be for Buyer's account. Material quoted F.O.B. destination is predicated on shipping cheapest way unless specifically stated in writing to the contrary. Should Buyer's shipping instructions result in higher transportation costs, such costs will be for the Buyer's account.

- WARRANTY AND LIMITATION.** Seller warrants that Products delivered hereunder shall meet Seller's standard specifications for the Products or such other specifications as may have been expressly agreed to herein. Seller further warrants Products shall be free of defects in material and workmanship for a period of one year from the date of shipment from Seller's manufacturing facility. This is a limited warranty and it applies only to Product directly manufactured and/or assembled by Seller. This warranty extends only to the first Buyer of Product from Seller, whether dealer or consumer, and does not extend to a consumer which purchases Seller's Product from a dealer or otherwise. In no event shall Seller be responsible for raw materials not supplied by Seller nor for damage to Product caused by misuse or negligence. This warranty is exclusive and EXCEPT AS PROVIDED IN THE PRECEDING SENTENCES AND IN PARAGRAPHS 4 AND 5 HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTY AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER MATTER. BUYER ASSUMES ALL RISK AND LIABILITY RESULTING FROM USE OF THE PRODUCTS DELIVERED HEREUNDER, WHETHER USED SINGLY OR IN COMBINATION WITH OTHER PRODUCTS.
- REMEDIES.** BUYER'S EXCLUSIVE REMEDY AND SELLER'S SOLE LIABILITY HEREUNDER, WHETHER AS TO PRODUCTS DELIVERED OR FOR NON-DELIVERY OF PRODUCTS, WHETHER RELATING TO QUANTITY, QUALITY, CONDITION, LOSS OR DAMAGE AND WHETHER OR NOT BASED ON CONTRACT, NEGLIGENCE, PRODUCTS LIABILITY OR OTHERWISE, SHALL BE LIMITED, AT SELLER'S OPTION, TO A REFUND OF THE PURCHASE PRICE PAID FOR, OR REPLACEMENT OR REPAIR OF THE PARTICULAR DELIVERY OF, PRODUCTS SHOWN TO BE OTHER THAN AS WARRANTED OR, IN THE CASE OF DEFICIENCY IN QUANTITY, AT SELLER'S OPTION, A REFUND OF THE PURCHASE PRICE PAID FOR OR A REPLACEMENT OF THAT QUANTITY SHOWN TO BE DEFICIENT; AND FAILURE TO GIVE WRITTEN NOTICE OF CLAIM PRIOR TO MODIFYING THE PRODUCT IN ANY MANNER, WHETHER BY GRINDING, CUTTING, WELDING OR OTHERWISE OR FAILURE TO GIVE SUCH NOTICE WITHIN ONE (1) MONTH FROM THE DATE OF SHIPMENT, OR THE DATE FIXED FOR SHIPMENT (IN CASE OF NON-DELIVERY), SHALL CONSTITUTE A WAIVER BY BUYER OF ALL CLAIMS IN RESPECT OF SUCH PRODUCTS. SELLER SHALL NOT BE LIABLE ON ANY CLAIM UNDER OR ARISING OUT OF OR FOR ANY BREACH OF THIS AGREEMENT UNLESS ACTION THEREON SHALL BE BROUGHT WITHIN ONE (1) YEAR FROM THE DATE OF DELIVERY OR BREACH. SELLER SHALL RECEIVE A CREDIT AGAINST ITS QUANTITY OBLIGATION HEREUNDER IN AN AMOUNT EQUAL TO ANY QUANTITY OF PRODUCTS WITH RESPECT TO WHICH SELLER GRANTS A REFUND TO BUYER. NO CHARGE OR EXPENSE INCIDENT TO ANY CLAIMS WILL BE ALLOWED UNLESS APPROVED BY AN AUTHORIZED REPRESENTATIVE OF SELLER. PRODUCTS SHALL NOT BE RETURNED TO SELLER WITHOUT SELLER'S PRIOR PERMISSION AND THEN ONLY IN THE MANNER PRESCRIBED BY SELLER. THE REMEDY HEREBY PROVIDED SHALL BE THE EXCLUSIVE AND SOLE REMEDY OF BUYER. AND IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES, WHETHER OR NOT CAUSED BY OR RESULTING FROM THE NEGLIGENCE OF SUCH PARTY OR ANY BREACH OF THIS AGREEMENT.
- PATENTS.** Seller warrants that the use or sale of the Products delivered hereunder will not infringe the claims of any United States patent covering the Products themselves; BUT SELLER DOES NOT WARRANT AGAINST INFRINGEMENT BY REASON OF THE USE THEREOF IN COMBINATION WITH OTHER PRODUCTS (OR MATERIALS), IN THE OPERATION OF ANY PROCESS OR OTHERWISE. SELLER DISCLAIMS ANY WARRANTY AGAINST INFRINGEMENT TO THE EXTENT THAT THE PRODUCTS SUPPLIED HEREUNDER ARE SUPPLIED ACCORDING TO BUYER'S DESIGN OR SPECIFICATIONS. PURCHASE AND SALE OF THE PRODUCTS COVERED HEREBY SHALL NOT BE DEEMED TO GRANT BUYER AN IMMUNITY UNDER ANY OF SELLER'S PATENTS RELATING TO THE USE OF SUCH PRODUCTS IN COMBINATION WITH OTHER MATERIALS OR APPARATUS OR IN THE OPERATION OF ANY PROCESS OR APPARATUS. In the event of the commencement of any suit or proceeding against Buyer for infringement covered by the above warranty, Buyer shall notify Seller promptly in writing of the commencement of such suit or proceeding. Seller at its option may defend such suit or proceeding in Buyer's name and Buyer shall render to Seller all reasonable assistance for the defense or settlement thereof. Buyer shall not settle or compromise any such suit or proceeding without the prior consent of Seller.
- FAIR LABOR STANDARDS ACT.** Seller warrants that all Products delivered hereunder were produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended.
- FORCE MAJEURE.** Except for Buyer's obligation to make payment for Products delivered hereunder, neither Buyer nor Seller shall have any liability hereunder as a result of delay in performance or non-performance, directly or indirectly caused by circumstances beyond the reasonable control of the party effected, including, but not limited to, act of God, fire, explosion, flood, war, act of or authorized by any government, accident, labor trouble or shortage, or inability to obtain material, equipment or transportation. Quantities so affected may be eliminated, at Seller's option, from the quantity otherwise required to be delivered without liability, but the terms hereof shall remain otherwise unaffected. Seller shall have no obligation to purchase supplies of the Products specified herein to enable it to perform its obligations hereunder. The affected party shall promptly notify the other of the occurrence of such circumstance, its expected duration, the estimated effect on the affected party's ability to perform its obligations hereunder and the time when such circumstance has ceased to affect its ability to perform.
- CANCELLATION.** In the event Buyer cancels an order after placement of such order, Seller's cancellation charges will include all of Seller's costs and expenses incurred, including all material, labor and applicable overhead ("Costs") plus a fee equal to 25% of such Costs.
- DELAYS IN PROSECUTION OF THE WORK.** Upon acceptance of this Proposal, Seller shall be released to purchase materials immediately after submission of Seller's drawings for approval. The quoted price contemplates the continuous prosecution on the work required thereafter. Buyer shall be responsible for such additional costs as may be incurred by Seller resulting from Buyer's failure to approve drawings promptly or give the necessary releases to purchase materials and proceed with fabrication and shipment as well as any other Buyer delays.

Should Buyer request a hold-up in fabrication, all costs associated with removal of equipment from production, storage, rescheduling, reconditioning, restoring equipment to production after removal of Buyer's hold-up, etc. shall be for Buyer's account. Seller assumes no responsibility whatsoever for any delay or the consequences thereof, in restoring equipment to production.

- ALLOCATION:** If for any reason Seller is unable to supply the total demand for Products specified herein, Seller may distribute its available production of such Products among any or all purchasers, including affiliates of Seller, on such basis as it may deem fair and practical, without liability for any failure of performance which may result therefrom. Seller shall have no obligation to cause its raw materials to be allocated to the Products covered hereby or to produce such Products as opposed to other products produced by Seller.
- TITLE AND RISK OF LOSS:** Title to, and risk of loss of, all Products purchased and sold hereunder shall pass to Buyer upon tender of delivery at the Delivery Point.
- TAXES:** Buyer shall reimburse Seller for all taxes, excises or other charges including without limitation, taxes which Seller may be required to pay to any government (national, state or local) upon the sale, production or transportation of the Products sold hereunder, except taxes on Seller's net income.
- TERMS OF PAYMENT:** All payments shall be made in the amount and within the time period specified on the face hereof. No discounts shall be taken except as specifically allowed by such terms. The price for the Products and all other amounts due to Seller from Buyer shall be paid without abatement, deduction, or setoff. A late charge will be charged on all late payments at the rate of 1.5% per month or the maximum permitted by applicable law, whichever is less. Interest will accrue until the full payment due hereunder is paid by Buyer. Buyer shall reimburse Seller for all collection costs and attorney's fees that Seller incurs in collecting amounts due to Seller hereunder.
- INSECURITY:** If Seller shall have any reasonable ground for insecurity with respect to Buyer's ability to perform, Seller may decline to manufacture, continue to manufacture, or ship hereunder except upon prior receipt of cash payment and may require further assurances of Buyer's ability to perform hereunder.
- ASSIGNABILITY:** The rights, liabilities and obligations of the parties hereunder are not assignable or transferable by either party, in whole or in part, except with the prior written consent of the other party, which consent shall not be unreasonably withheld. However, Seller may at any time upon written notice to Buyer, assign its obligation hereunder to any corporation which is a subsidiary of or affiliated with Seller.
- CONTRACT DOCUMENTS:** Any drawings, sketches or other documents furnished by Seller are strictly for the stated use of Buyer as covered by the Purchase Order. The information contained in such documents is proprietary to Seller. It is agreed that Buyer shall not copy, publish or otherwise disseminate such documents or their contents to any other party without the prior written permission of Seller.
- ACCEPTANCE: AGREEMENT.** This contract, including these Terms and Conditions, supersedes all other agreements, oral or written, and all other communications between the parties suggesting additional or different terms. It represents the final and complete understanding of the parties and may be amended or canceled only by written agreement signed by both parties. This contract expressly limits acceptance to these terms; no order shall have any force or effect until acknowledged in writing by Seller; and any proposal for additional or different terms or any attempt by Buyer to vary in any degree any of the terms hereof is hereby deemed material and is objected to and rejected. No terms of any document or form submitted by Buyer shall be effective to alter or add to the terms and conditions in this contract. Unless otherwise stated herein, Buyer's receipt of any portion of the Products shall constitute acceptance of this contract and all of its terms and conditions, unless Buyer immediately rejects and returns all such Products.
- GOVERNING LAW:** THE TRANSACTION CONTEMPLATED HEREBY AND ANY QUESTIONS CONCERNING THE INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS AND THE EXECUTION AND DELIVERY OF THIS AGREEMENT SHALL BE DEEMED TO BE THE TRANSACTION OF BUSINESS WITHIN TEXAS FOR PURPOSES OF CONFERRING JURISDICTION UPON COURTS LOCATED WITHIN THE STATE. THE PARTIES AGREE THAT ANY LITIGATION ARISING OUT OF THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT LOCATED IN TEXAS AND BOTH PARTIES CONSENT TO THE JURISDICTION OF SAID COURT.
- TEXAS DTPA:** BUYER HEREBY WAIVES ANY RIGHTS THAT BUYER MAY HAVE UNDER THE TEXAS DECEPTIVE TRADE PRACTICES ACT AS SET OUT IN THE TEXAS BUSINESS & COMMERCE CODE SECTION 17.41 at seq. (EXCEPT RIGHTS UNDER SECTION 17.55 WHICH CANNOT BE WAIVED) TO THE EXTENT THAT BUYER MAY LAWFULLY DO SO.
- SEVERABILITY. HEADINGS:** If any provision herein is or becomes invalid or illegal in whole or in part, such provision shall be deemed amended as nearly as possible, to be consistent with the intent expressed in this Agreement, and if such is impossible, that provision shall fall by itself without invalidating any of the remaining provisions not otherwise invalid or illegal. Paragraph headings or titles are included to ease of reference and do not constitute any part of the text or affect its meaning or interpretation.
- MODIFICATIONS: WAIVER.** This contract may not be hereafter added to, altered, or modified except by written instrument signed by both parties. No delay or omission in the exercise of any right, power or remedy hereunder shall impair any such right, power or remedy or be construed to be a waiver of any default or any acquiescence therein.
- STORAGE:** In absence of agreed shipping dates, Seller shall have the right to invoice Buyer and ship the Products once they are ready for shipment. If Buyer is unwilling to accept shipment of the Products on the agreed shipping date or as provided in the prior sentence, Seller may, at its option, place them in storage and bill Buyer for the storage charges. In such case, risk of loss shall pass to Buyer when the Products are placed in storage, and the date the Products are placed in storage shall constitute the date of shipment for purposes of beginning the warranty period.
- TOOLING:** Unless otherwise agreed by the parties in writing, all tooling, jigs, dies, etc., shall be and remain Seller's property and in Seller's possession, regardless of who may have paid for such items.
- CLERICAL ERRORS:** Seller reserves the right to correct any stenographic or clerical errors in any writing or other document issued by it.
- EXPORTS:** When the Products are to be exported, Buyer shall, at its own expense, furnish with each order all consular and custom declarations and licenses and shall accept all responsibility for penalties resulting from errors or omissions thereon.
- DELIVERY:** All shipping and delivery dates are estimates. Seller shall not be liable for any claim, loss, expense, or damage of any kind whatsoever for delays in delivery.