

PENNSYLVANIA MACHINE WORKS, INC. TERMS AND CONDITIONS OF SALE

1. ACCEPTANCE OF ORDER

All Orders are subject to Pennsylvania Machine Works, Inc. (Seller) credit department approval prior to acceptance by Pennsylvania Machine Works, Inc. No terms or conditions of Purchaser's order contrary to Seller's terms and conditions shall be binding upon the Seller. Seller's offer shall automatically terminate thirty (30) days after date of offer, unless accepted prior to that date. No assignment of Purchaser's rights may be made without the prior, written consent of the Seller.

2. PRICES

All quoted prices and other terms of sale and payment, are subject to change by the Seller without prior notice and, unless otherwise stipulated by the Seller, are understood to be FOB Seller's factory, and Purchaser shall thereupon assume all risks of loss. All prices are exclusive of sales, use, privilege, excise, or other taxes or custom duties. Stenographic or clerical errors are subject to correction.

3. PAYMENT TERMS

All accounts are payable in U.S. funds, free of exchange, collection, or any other charges. No deductions may be made from invoice without prior approval of the Seller. Payment not received within thirty (30) days shall bear interest at the rate of 1-1/2% per month until paid. If, in the sole discretion of Seller, the financial condition of the Purchaser at any time so requires, Seller retains the right to require full or partial payment in advance. Unless otherwise specifically noted, the amount of any federal, state or local sales, use, occupancy, excise tax, or other tax of any nature, for which Seller is legally liable, either intentionally or through failure of payment by Purchaser, shall be added or be in addition to the price quoted and Purchaser agrees to pay the same to Seller.

4. SPECIALS/DRAWINGS

If an item is not shown on the price list, it is considered to be a "special" and is subject to quotation. If a "special" requires a drawing, said drawing must be approved, in writing, by Purchaser before fabrication begins. Any changes in drawings must have the prior approval of Seller. In the event of cancellation, Seller shall be compensated for material and labor already expended. When Seller manufactures a product according to customer supplied drawings, that Purchaser, at its expense, shall indemnify, defend and hold harmless against all claims or losses that arise from any suit that alleges that the Seller infringed the rights Purchaser or any third party. Seller's only express warranty is that the product will conform to Purchaser's specifications, subject to reasonable tolerances.

5. CANCELLATIONS AND SUSPENSIONS

Purchaser may cancel this order or contract, or delay work or delivery, only upon receipt of written notification by Seller and with Seller's prior consent, and upon agreement to pay Seller's adjustment charge. Orders for "special" products (usually "price on application items") may be changed and/or cancelled only upon receipt of written instructions by Seller and with Seller's prior consent and Purchaser shall make payment to Seller for material used or acquired and work already performed.

6. DELIVERY

Delivery or shipment date specified is Seller's best estimate and Seller shall not be liable for any incidental, special, indirect, or consequential damages due to delay in deliveries resulting from any cause. Claims for shortages must be made in writing within ten days after receipt of shipment. All damaged UPS/FedEx boxes must be retained to file a claim. Materials slated to be in stock are subject to prior sales. Seller reserves the right to make partial shipments from time to time, and to render invoices therefore, which shall be due and payable as provided in said invoices and the paragraph entitled "Payment Terms". If the Purchaser becomes overdue in any such partial payment, Seller shall be entitled to suspend work and/or avail itself other legal remedies.

7. RETURN OF MATERIALS

Only unused standard list items normally stocked may be returned, and only with prior written authorization number from Seller. Such returns shall be within a reasonable time not exceeding one year from date of sale of product. Any goods returned are subject to inspection and a handling charge plus freight in both directions and charges for any reconditioning, unless otherwise specified in writing by Seller.

8. PRODUCT WARRANTY/LIABILITY

Seller warrants products manufactured by the Seller to be free of defects in material and workmanship, under normal use and proper operation, for a period of one (1) year from date of the shipment from Seller's factory. Products and components purchased from other manufacturers are warranted only to the extent of the manufacturer's warranty to the Seller.

SELLER MAKES NO WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED OTHER THAN AS SPECIFICALLY STATED HEREIN, AND THERE ARE NO WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE WHICH EXCEED THE OBLIGATIONS AND WARRANTIES SPECIFICALLY STATED HEREIN.

This warranty does not apply if the failure is due to any cause other than a manufacturing defect, or if the product was modified or changed without prior written approval from the Seller. Claims by Purchaser due to product failure are limited exclusively to the right of replacement of such defective product, or repayment of the sale price. In no case shall Seller be liable to the Purchaser or any third party for any direct, indirect, special, incidental, punitive, consequential, or special damages. The foregoing warranty shall not apply: (1) to any use of a Product in aircraft or aerospace applications (Prohibited Application), (2) if a Product was not used as recommended and in accordance with approved installation and operating practices, (3) if the failure of a Product results from any cause other than a manufacturing defect, including but not limited to damage due to corrosive, abrasive, or other wear normally to be expected in the use of the Product, (4) if the Product was modified or changed (unless written approval was given in advance by Seller, and (5) if Purchaser fails to deliver written notice of such defect to Seller during the Warranty Period.

9. EXCLUSIONS

Do not use Sellers Products in aircraft or aerospace applications. Purchaser assumes all risk of loss that arise from or relate to any use of Product in a Prohibited Application, and Purchaser shall, at its expense, indemnify, defend and hold Seller harmless against all claims or losses (including legal and accounting fees) that arise from or relate to the use of any Product in a Prohibited Application.

10. WAIVER OF RIGHTS

The failure of Seller to exercise any of the above rights under this agreement for a breach shall not to be deemed to be a waiver of such rights or future rights.

11. GOVERNING LAW/CONSENT TO JURISDICTION

This contract shall be construed in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania without regard to the conflict-of-law doctrines of any jurisdiction. Purchaser agrees that any action or proceeding against it may be commenced, at Seller's sole option, in any county in the Commonwealth, in state or federal court, or submitted to binding arbitration under the rules of the American Arbitration Association. Purchaser waives personal service of process and agrees that a summons and complaint commencing an action in any court shall be properly served, if served by registered or certified mail to Purchaser's address as reflected in the books or record of Seller.

12. DIES, TOOLS AND PATTERNS

Dies, tools and patterns used by Seller to produce any Product (collectively, the "Material") shall be and remain the exclusive property of Seller. Payment by Purchaser of any preparation charge with respect to such Material shall not give Purchaser any right, title or interest in or to such Material. Seller shall not be responsible for retention of dies or patterns on which no orders are received for two years or more.

12. PURCHASER'S REMEDIES

Purchaser's remedies with respect to any Product furnished by Seller hereunder that is found not to be in conformity with the terms and conditions of the contract because of breach of contract, breach of express or implied warranty, negligence shall be limited exclusively to the right of replacement of such defective Product or, at the option of Seller, repayment of the sale price for the particular Product that gives rise to the claim. Seller shall have no liability to Purchaser or to any other person, in tort, contract or otherwise, for claims, losses, damages or injuries arising out of this purchase or use of any Product, except for the return by Seller of an amount not in excess of the payments made by Purchaser to Seller for the particular Products giving rise to Purchaser's claim. **IN NO EVENT SHALL COMPANY BE LIABLE TO PURCHASER OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL OR SPECIAL DAMAGES FOR LOSS OF GOOD WILL, WORK STOPPAGE, LOSS OF WORK PRODUCT, OR ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSSES, DIRECT OR INDIRECT, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.**

13. OTHER

This Agreement, together with these Terms and Conditions, constitute the entire understanding between the parties with respect to the subject matter hereof and supersede any and all prior understandings, statements, warranties, representations, and agreements, oral and written, relating hereto. Neither party shall be liable to the other under this Agreement if delayed or prevented from performance by causes beyond its control including, but not limited to, fires, floods, strikes, acts of God, war, insurrection, governmental restrictions, or other causes of a like or different nature. No change, alteration, modification, or addition to this Agreement shall be effective unless in writing and properly executed by the parties hereto. The contract shall be subject to the terms and conditions contained or referred to in Seller's Price Schedule, quotation or order acknowledgments and in no others whatsoever. In the event of any discrepancy or inconsistency between the Terms and Conditions and any other purchase order or acceptance form used by Purchaser in connection herewith, the terms of this Agreement shall govern, and such purchase order or acceptance form shall not amend, modify or add to the terms of this Agreement.

