

CS-CH-0010
07/09/2002 Rev 1

PENNSYLVANIA MACHINE WORKS, INC. TERMS AND CONDITIONS OF SALE

1. Acceptance of Order

Orders are subject to acceptance by the Pennsylvania Machine Works, Inc. (Seller). No terms or conditions of Purchaser's order contrary to Seller's terms and conditions shall be binding up the Seller. Seller's offer shall automatically terminate thirty (30) days after date of offer, unless accepted prior to that date.

2. Prices

All quoted prices are subject to change by the Seller without prior notice and, unless otherwise stipulated by Seller, are understood to be F.O.B. Seller's factory. All prices are exclusive of sales, use, privilege, excise, or other taxes or custom duties.

3. Payment Terms

All accounts are payable in U.S. funds. 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.

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 prior approval by 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 shall indemnify, defend and hold harmless against all claims or losses that arise from any suit that alleges that the Seller infringed the rights of any third party. Seller's only express warranty is that product will conform to Purchaser's specifications, subject to reasonable tolerances.

5. 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.

6. 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.

7. 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 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 OR 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 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.

8. Waiver of Rights

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

9. Governing Law; Consent to Jurisdiction

This contract shall be construed in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania. 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.

10. Other

No change, alteration, modification, or addition to this agreement shall be effective unless in writing and properly executed by the parties. This contract is subject to any terms contained on Seller's price sheets, quotes, or acknowledgements. The applicable statute of limitations for any suit arising, directly or indirectly, from this contract shall be limited to one year after the date of Seller's Tender of Delivery of the goods which are the subject matter of the suit.