

CONVERTER ACCESSORY CORPORATION

TERMS AND CONDITIONS

1. **GENERAL** - By submitting a purchase order or otherwise ordering or receiving the goods described herein, Buyer agrees to all the Terms and Conditions of sale set forth on the face hereof, which Terms and Conditions constitute Seller's offer and supersede and control any additional, contradictory, or different Terms and Conditions contained in any purchase order submitted by Buyer, regardless of any provision to the contrary therein. Any additional, contradictory or different terms in Buyer's purchase order or other acceptance of this proposal are hereby objected to and shall not be binding on Seller or applicable to the sale. All representations, promises, warranties or statements by any agent or employee of Seller that differ in any way from the Terms and Conditions hereof shall be given no effect or force. Any additional, contradictory or different terms contained in any initial or subsequent order or communication from Buyer pertaining to the goods which is the subject matter hereof and hereby objected to and of no force or effect. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Agreement. Acceptance or acquiescence in a course of performance rendered under this Agreement and attached documents shall not be relevant to determine the meaning of this Agreement and attached documents, even though the accepting or acquiescing party has knowledge of the nature of the performance and the opportunity for objection. All proposals, to be valid, must be signed by Seller at its offices in Wind Gap, PA. No waiver or alteration of terms herein shall be binding unless in writing, signed by an executive officer of the Seller.

All prices are F.O.B. Seller's plant, unless otherwise specifically set forth hereon. Prices stated are subject to change without notice in the event of: (1) alterations in specifications, quantities, designs or delivery schedules: and/or (2) foreign or domestic legislation enacted by any level of government, including the goods purchased hereunder. No discount will be allowed unless specifically set forth on the face side hereof. A delinquency charge of 1 - 1½% per month or 18% annum on the outstanding balances not paid when due will be added until payment is made in full; provided, however, that with respect to a non-corporate buyer, the delinquency charge shall be the maximum interest rate allowable by law in the Commonwealth of PA.

The Seller reserves the right to correct clerical and stenographic errors at any time.

2. **PENALTY CLAUSE** - The seller shall not be bound by any penalty clause for failure to meet shipment which may be included in any purchase order, contract or quotation, unless specifically set forth and acknowledged in writing by an officer of the Seller.

3. **LIMITED WARRANTY** - Products manufactured by the Seller are covered by the attached Warranty. No products shall be returned to the Seller without its prior consent. Products which the Seller consents to have returned shall be shipped F.O.B. the Seller's factory. The Seller will not assume responsibility or accept invoices for unauthorized repairs to its components, even though defective. Any repairs or adjustments not specifically authorized in writing by Seller shall cancel this warranty and shall relieve the Company from any responsibility to Buyer. The life of the Seller's products depends, to a large extent, on the usage thereof and THE SELLER MAKES NO WARRANTY AS TO FITNESS OF ITS PRODUCTS FOR SPECIFIC APPLICATIONS BY THE BUYER NOR AS TO PERIOD OF SERVICE UNLESS THE SELLER SPECIFICALLY AGREES OTHERWISE IN WRITING AFTER THE PROPOSED USAGE HAS BEEN MADE KNOWN TO IT. The Seller shall not be liable for any special, indirect or consequential damages resulting in any manner from the furnishing of the products or for any expense incurred by Buyer due to use or sale of such products.

THE FORGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

This warranty does not apply to experimental or developmental products.

All warranties by Seller will be void in case Buyer will modify, damage or neglect maintenance of equipment and Seller will not be held liable for performance and safety of equipment.

4. **DELIVERY** - Shipping dates set forth by the Seller are approximate, based on conditions existing at the time the estimate is made, and are contingent upon the Buyer promptly supplying all necessary information to the Seller. Such estimate is not a guarantee as to shipment and the Seller accepts no responsibility for any delays which may occur.

Unless expressly specified to the contrary, Goods in stock will be shipped immediately and Goods not in stock will be shipped as soon as possible. However all shipping dates are approximate, and are based upon current availability of materials, present product schedules, and prompt receipt of all necessary information. Seller will not be liable for any damage, loss, fault or expenses arising out of delays in shipment or other nonperformance of this Agreement caused by or imposed by: (1) strikes, fires, disasters, riots, acts of God, (2) acts of Buyer, (3) shortages of labor, fuel, power, materials, supplies, transportation or manufacturing facilities, (4) governmental action, (5) subcontractor delay, or (6) any other cause or condition beyond Seller's reasonable control. In the event of such delay in shipment or nonperformance, Seller may, at its option, and without liability, cancel all or any portion of the Agreement and/or extend any date upon which any performance hereunder is due.

5. **TRANSPORTATION** - Unless otherwise agreed in writing by the Seller, delivery of the products hereunder shall be made F.O.B. point of shipment, with transportation expenses paid by the Buyer. Seller shall determine carrier unless Buyer specifically instructs Seller which carrier to use. Instructions must be received by Seller in writing prior to shipment. Risk of loss or damage to the product shall pass to Buyer upon delivery to the carrier, regardless of the terms of sale or any reservation of security title herein. Buyer shall procure and maintain for the benefit of the Seller and Buyer as their interest may appear, adequate insurance on the products against damage by fire or other risks or casualties. Buyer shall be responsible for filing any claims against such insurers or carriers.

6. **PAYMENT** - All prices quoted are U.S. Dollars. Purchase price up to \$5,000.00 will be Net 30 Days subject to credit approval. Purchase price over \$5,000.00 will be 60% deposit with purchase order, 30% prior to shipment, Balance Net 30 days, subject to credit approval. No adjustments to invoice will be accepted by Seller, nor for any reason will Buyer submit payment for any amount different than is stated on the invoice, unless agreed to by Seller in writing.

7. **APPROVAL PRINT** - Where applicable, upon receipt of purchase order from Buyer, an approval print will be submitted for Buyer's approval prior to construction of product covered hereunder.

8. **RETURNS** - No returns will be accepted without prior approval from Seller. All return shipments must be prepaid by Buyer. No shipments will be accepted if returned C.O.D. or freight collect.

9. **BACKCHARGES** - The Seller will not accept any backcharges from the Buyer without prior written approval by the Seller. Any charges made by the Buyer prior to the Seller's written approval will be the sole responsibility of the Buyer.

10. **TAXES** - The Seller's prices do not include taxes. Buyer agrees to pay any and all taxes and assessments, or both, that may be levied against the products supplied by the Seller and to protect the Seller from any and all actions arising from failure to pay taxes or assessments so levied or assessed. Buyer shall provide the Seller with tax exemption certificates when required to protect the Seller.

11. **SECURITY TITLE** - Security title and right of possession to the products sold hereunder shall remain with the Seller until the full price (including deferred payments and any notes or renewals or extension) have been paid in cash, and Buyer agrees to do all acts necessary to perfect and maintain such security right and title in the Seller.

12. **CANCELLATION** - Orders cannot be terminated or modified, or shipment deferred after acceptance of Seller's offer by Buyer, except with Seller's written consent and subject to conditions then agreed upon which shall indemnify Seller against liability and expense incurred and commitments made by Seller and which shall provide for profit on work in process and contract value of products or parts completed and ready for shipment. However, any work scheduled for completion within fifteen (15) days of receipt of notice of Buyer's cancellation will be paid for in full, and shipment accepted by Buyer.

13. **PURCHASE PRICE** - Prices, terms of payment and pricing policies will be those set forth in Seller's proposal. Prices stated are based on Seller's standard packaging. Packaging will be standard commercial package and acceptable to commercial carrier. Special customer packaging will be furnished only when specified and so stated herein, and the cost thereof shall be borne by Buyer.

14. **CRATING** - Crating not included in quoted price, actual cost will be added to invoice.

15. **LIMITATION OF LIABILITY** - Seller's liability on any claim of any kind, including negligence and breach of warranty, for any loss of damage resulting from, arising out of, or connected with this contract, or from the performance or breach thereof, or from the manufacture, sale, delivery, resale, repair or use of any product covered by or furnished under this contract shall in no case exceed the price allocable to the product or part thereof which gives rise to the claim. In no event shall the Seller be liable for special, indirect or consequential damages.

Buyer shall indemnify Seller against all liability, cost or expense which may be sustained by Seller on account of any loss, damage or injury, loss of use, income or profit or losses sustained as a result of injury, including death, to any person or loss or damage to property, including without limitation, property handled or possessed by the use of the subject equipment.

In absence of shipping and packing instructions, Seller shall use its own discretion in choice of carrier and method of packing. Seller shall not be responsible for insuring shipments unless specifically requested by Buyer and any insurance so requested shall be at Buyer's expense and valuation.

Risk of loss of any product passes to Buyer upon delivery by Seller to carrier, and any claims for losses or damage shall be made by Buyer directly with carrier.

16. **NON-RESPONSIBILITY FOR DAMAGED APPARATUS** - The Seller will not be responsible for any damage resulting from improper storage or handling prior to placing the product in service. The Seller will not assume any expense or liability for repairs made outside the Seller's plant without the Seller's prior written consent.

17. **CLAIMS** - Any claim by Buyer with reference to the Goods sold hereunder shall be deemed waived by the Buyer unless submitted in writing to Seller within five (5) days from the date Buyer discovered or by reasonable inspection should have discovered, any claimed breach of the agreement between the parties hereto. Any cause of action for breach of the agreement between the parties hereto shall be brought within one (1) year from the date the alleged breach was discovered or should have been discovered, whichever occurs first.

18. **MISCELLANEOUS** - Upon Buyer's acceptance of Seller's offer, the terms and provisions set forth in Seller's proposal and Seller's Acknowledgment shall constitute the entire agreement between Buyer and Seller and no statement, correspondence, sample or other term shall modify or affect the terms hereof. No agent, salesman or other party is authorized to bind Seller by any agreement, warranty, statement, promise or understanding not herein expressed. The above terms and conditions supersede all prior or contemporaneous oral or written understandings, agreements, or recommendations and may not be added to, modified, rescinded or waived, in whole or in part, except by writing signed by an executive officer of Seller, notwithstanding any language in any form of Buyer's and notwithstanding delivery by Seller. In addition to the rights and remedies conferred upon Seller by law, Seller shall not be required to proceed with the performance of any order or contract if Buyer is in default in the performance of any order or contract with Seller, and shipments under this order may be suspended or sent sight draft with bill of lading attache by Seller. Any clerical errors are subject to correction. In any case in which Seller is specifically obligated to pay freight on shipments, any increase in freight rates paid by Seller arising subsequent to the acceptance by Buyer of the offer for the products may, at Seller's option, be added to the purchase price of the products and in that event shall be paid by the Buyer. No delay or omission by Seller in exercising any right or remedy provided for herein shall constitute a waiver of such right or remedy on any future occasion. This contract shall be binding upon and shall inure to the benefit of the successors, and assigns of Buyer and Seller, provided however, that Buyer may not assign or transfer this contract, in whole or in part, except upon the prior written consent of Seller.

20. **BUYER'S REMEDIES** - In the event of a breach of this contract by Seller, the Buyer shall not be entitled to recover from the Seller any direct, indirect, special incidental or consequential damages, it being agreed that Buyer's remedies shall be limited to replacement or repair of defective parts as provided in the above paragraph entitled "WARRANTIES".

21. **INSTALLATION AND SERVICE CALLS** - No installation or service calls are included in this contract unless otherwise included in writing. When installation services or service calls are included, the Buyer shall indemnify and save harmless the Seller for all liability for damage or claims resulting from acts or defaults of employees or agents of the Seller while engaged in such services.

22. **SALES THROUGH AGENTS** - All purchase orders, payments and related documents have to be executed and addressed to the name and address of the Seller only and not to agents, representatives or other parties in order to be accepted by Seller as a legal and binding contract.

23. **EXCEPTIONS** - Any exceptions to these terms and conditions must be made in writing and agreed to by Seller.

LIMITED WARRANTY

Converter Accessory Corporation warrants the equipment sold to be free from defects in material or workmanship and to perform within the limits of the written proposal for a period of six (6) months from equipment start-up or twelve (12) months from the date of shipment. Converter Accessory Corporation agrees to correct any defects in material or workmanship which may develop under proper and normal use during the warranty period. All purchased parts used to manufacture the equipment are subject to manufacturers guarantee. The equipment will be supplied per the operating specifications. Buyer must supply all specification information and material samples at time of purchase. Converter Accessory Corporation will require a signed copy of the approval prints, which will be sent to Buyer upon receipt of purchase order, prior to the start of manufacture. If equipment fails to perform per specifications, Converter Accessory Corporation must have full access to the equipment in Buyer's plant in order to make any necessary changes or modifications. Should any rework or modifications be required due to changes in operating specifications the Buyer will be billed on a time and materials basis. If the equipment is being used to the specifications listed on the Converter Accessory Corporation proposal and fails to perform after Converter Accessory Corporation personnel have attempted to rectify the problem, Buyer shall have the option to return the equipment subject to a 25% restocking charge after receiving a return approval from Converter Accessory Corporation. Converter Accessory Corporation will issue a credit memo upon receipt of equipment less restocking charge and refurbishing charges (if any). There are no cash refunds for returned equipment. Buyer is responsible for all shipping and refurbishing charges. Customer shall give Converter Accessory Corporation written notice of any alleged defects. Any mechanical or electrical parts proving defective under proper and normal use will be, at the option of Converter Accessory Corporation, repaired or replaced. Customer must obtain written authorization before returning any parts or equipment to Converter Accessory Corporation for repair or replacement. Warranty repair or replacement parts will be shipped F.O.B. Converter Accessory Corporation's plant.

If service assistance is required during the warranty period, Converter Accessory Corporation will send a serviceman to Buyer's location. Field service including installation furnished to Buyer, including all time on the job and in transit will be charged at Converter Accessory Corporation's service rate in effect at date of performance, plus all transportation and living expenses incurred. The following conditions apply:

- a. Buyer has made a "best effort" to repair equipment using their technical personnel and has contacted Converter Accessory Corporation via telephone or fax to pursue start-up adjustments or trouble-shooting.
- b. Buyer agrees to have available all necessary tools and test equipment for use by Converter Accessory Corporation's serviceman.
- c. Buyer has a complete stock of spare parts and/or control boards at site.

Converter Accessory Corporation accepts no responsibility with respect to damage resulting from improper installation, operation, or negligence.

Converter Accessory Corporation will provide a service technician at Buyer's expense, to supervise the installation of the equipment at Buyer's location if so required. This service will be available for the time required to assure proper functioning of the equipment. The Buyer must provide a qualified technician to learn the adjustments, and take immediate responsibility for the operation of the machine and the quality of the work. Installation charges include all time on the job and in transit and will be charged at Converter Accessory Corporation's installation rate in effect at time of performance, plus all transportation and living expenses incurred. Converter Accessory Corporation expressly denies any responsibility for damage resulting from improper installation. IN NO EVENT SHALL CONVERTER ACCESSORY CORPORATION BE LIABLE FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, THERE BEING NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF, other than Warranty of Title, THE FORGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE

SEE REVERSE SIDE FOR STANDARD TERMS AND CONDITIONS



CONVERTER ACCESSORY CORP.

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