

## Terms of Sale

- I. **Terms of Sale:** Unless the Buyer notifies Machine Technology, Inc. (hereinafter referred to as “Seller”) in writing by certified mail, return receipt requested, within three (3) days after receipt of the order acknowledgement by the Buyer, acceptance of the terms and conditions hereof by Buyer shall be indicated and in the absence of such notification, the sale and shipment by Seller of the goods covered hereby shall be exclusively deemed to be subject to the terms and conditions hereof. This agreement is to be governed by the laws of the state of Missouri.
- II. **Samples:** If requested, Seller will submit samples for approval when commencing production upon any order. It is understood that Seller’s machines may start production immediately after they are correctly set to the Buyer’s supplied specifications, and production may run concurrently with sample review. The Seller will assume responsibility for having the goods in conformity to Buyer’s specifications while awaiting Buyer’s approval. Any changes in original specifications must be timely and will be made only at Buyer’s direction and expense. If changes are to be made, Seller must be notified at once by telephone with follow-up written confirmation by fax, email, or US mail, and will not take effect until confirmed and accepted by the Seller. If Buyer intends to use the samples to test a new or unproven design, Buyer should always include, as part of the quotation request, the withholding of production for a mutually agreed time.
- III. **Quantities:** Unless specifically stated in the purchase order or required by prior agreement/contract to the contrary, Buyer agrees to accept over/under runs not to exceed 10% of the ordered quantity for each line item.
- IV. **Buyer’s Material:** Quotations covering machining of Buyer’s material are made subject to delivery of the amount of material as specified by Seller in no longer than 12’ lengths, F.O.B. Seller’s plant, and are subject to changes, if material furnished by Buyer is defective or will not machine with reasonable

wear on tools at the speed and feed estimated. Chemical and physical specifications are the sole responsibility of the Buyer, and parts manufactured from Buyer's material, which conform to blueprint specifications, shall be accepted by the Buyer. Seller does not guarantee to deliver more than 90% of the quantity ordered, as stated in "III. Quantities." If Buyer's material proves to be defective, in total or in part, or of a different character than represented by either the Buyer or the material producer, all work performed by the Seller shall be reimbursed by the Buyer at the purchase order price.

- V. **Patents:** The goods hereunder are manufactured in accordance with the Buyer's specifications and designs. It is not the intention of the Seller to manufacture any goods which are an infringement of a patent. Accordingly, Buyer shall defend and save harmless Seller from all damages, claims, actions, or suits based upon actual or alleged infringement of any patent registered in the U.S or elsewhere. Buyer will reimburse Seller for all expenses and damages resulting from claims of infringement related to filling the Buyer's order(s).
- VI. **Shipment Terms:** F.O.B. Origin, Seller's plant or F.O.B Origin, Seller's agent's plant.
- VII. **Packaging, Shipment, and Delivery:** When ordering, Buyer should state explicitly the method of shipment preferred. Unless otherwise mutually agreed upon in advance, shipping charges will be prepaid by the Seller and added to the invoice for each shipment. In the absence of shipping directions, Seller will use discretion forwarding all orders. When considered prudent by the Seller, or at the request of the Buyer, shipments will be insured at Buyer's expense. Seller will take all care to package orders to prevent damage during normal handling and shipping. Special packaging requirements must be communicated by the Buyer to the Seller when the order is placed. The Buyer shall bear all expenses of the packaging of the goods. All goods are sold F.O.B Origin so Buyer assumes freight cost and liability for any loss or damage to goods once the goods have left the Seller's premises or the Seller's agent's premises. Seller shall not be liable for damages or default or delay in

production or delivery for causes beyond Seller's control including an accident to or breakdown of Seller's or Seller's agent's equipment, labor disputes, embargos, acts of God, supplier delays, government restrictions, lawsuits, civil unrest, martial law, acts of war, acts of terrorism, or carrier delays.

- VIII. **Delivery Schedules:** Unless otherwise agreed between Buyer and Seller, orders are accepted for delivery as fast as manufactured by complete shipment packed in bulk. If special delivery schedules and/or lot quantities are required, it may affect price and should be detailed in the Buyer's request for quotation.
- IX. **Quotations and Acceptance:** All orders and contracts are subject to acceptance only at Seller's home office. Stenographic, clerical, and typographical errors are subject to correction. Quotation pricing is valid for thirty (30) days from the date of the quotation, but Seller retains the right to withdraw the quotation at any time before the thirty (30) days, providing that the withdrawal is made in writing to the Buyer. Delivery is subject to change based upon the order date. Changes to the original terms of the quotation may affect pricing and delivery, and will be re-quoted to the Buyer. If after acceptance of the quotation the Buyer places an order and the Seller determines that due to uncontrollable causes the quoted terms and/or prices cannot be met, Seller will contact Buyer, and will offer the Buyer the option of either canceling or re-quoting the order, with no penalty applicable to either the Seller or the Buyer.
- X. **Credit:** Accounts will be opened only upon completion of a credit application and only upon approved credit, with a credit limit determined by the Seller. Seller reserves the right to decline delivery except for cash, whenever doubt as to Buyer's financial situation arises, or when the credit limit is reached. Credit terms are 1% discount for full payment within ten (10) days, with full payment due thirty (30) days from the date of the invoice.
- XI. **Late Charges:** Unless limited by law, Seller will charge a 1.5% late fee on balances which extend beyond thirty (30) days, unless special arrangements

are made with the Seller. If the Seller must pursue collection or legal redress to collect balances due, the cost of such pursuit will be indemnified by the Buyer, in addition to payment in full and late fees incurred thereupon. Goods which are under claim (See XIV. Claims) will not be subject to late fees or collection until the claim is satisfied.

- XII. **Taxes:** Taxes imposed by any present or future law of federal, state, county, or municipal authority on the manufacture, sale, or use of the articles purchased hereunder and required to be paid by Seller shall be added to the amount to be paid by the Buyer. Buyer shall furnish to the Seller proof of exemption if applicable, before the first delivery is made if a new Buyer and yearly for existing Buyers. Custom duties and/or taxes are not included in pricing. The Buyer shall reimburse Seller for any such duties or taxes as Seller may pay or may subsequently be assessed.
- XIII. **Cancellation and Deferment:** Orders may be cancelled or deliveries deferred by Buyer with written consent of Seller only upon the condition that Buyer assumes immediate liability and makes payment to Seller for all work complete and incomplete, recovering Seller's costs and lost profits. The Seller will recover from the Buyer: the unit sales price of completed work, work in process based on the basis of the percentage of completion, raw material costs, unamortized tooling costs, engineering, handling, overhead charges, and other cancellation charges incurred on the basis of cost to the Seller, as well as lost profits. All cancellation charges to be determined at the time of cancellation or deferment. Any release delayed more than ninety (90) days is subject to a monthly charge of 1% of the unit cost times quantity delayed.
- XIV. **Claims:** If Buyer claims delivery of material is not as ordered, the Buyer must notify the Seller within fifteen (15) days of receipt of the delivery. If such claim is sustained, the Seller shall, at the Seller's option but with consideration to the needs of the Buyer, repair, replace, credit, or complete the order. Charges for repair or inspection of parts by Buyer without prior authorization cannot be honored. Seller shall have the option of inspecting the

goods on Buyer's premises, using Buyer's and/or Seller's inspection equipment or of taking back the goods and deciding whether to replace the goods or credit the Buyer. Claims for shortage of goods must be presented within fifteen (15) days from the date of receipt of goods and must state the packing slip number, weight, and the method of arriving at a count of the parts. Any claim for error in weight or shortage, not presented in accordance with this provision, will conclusively be deemed waived. Seller may, at Seller's discretion, request that the shipment be returned in its entirety for full evaluation. All goods damaged or lost or delayed after leaving the Seller's or Seller's agent's premises will be the responsibility of the Buyer, and any claims must be pursued with the freight carrier. Seller will not allow claims on those goods further processed by Buyer as this could result in shortage, damage or change of dimensions or characteristics of the goods.

- XV. **Warranty:** Seller warrants that goods manufactured by Seller will conform to the drawings and specifications furnished in writing by the Buyer. To ensure that goods ordered meet all Buyer requirements, Seller will conform to all specifications and applicable revisions identified with the order documentation and/or previously supplied by the Buyer. In the absence of revision requirements and/or specifications, the Seller will utilize the latest revision available at the time of processing the order. Where goods are used and combined with other equipment or components, whether or not provided by the Seller, the Buyer agrees to indemnify the Seller for all claims and expenses resulting from the use or incorporation into Buyer's products. Indemnity shall include attorney's fees and other costs in defending such claim(s). It is expressly agreed that this warranty is in lieu of any and all other warranties and liabilities, express or implied, including but not limited to any warranty of merchantability or fitness for any purpose and any liability for consequential damages arising out of the use of the goods sold hereunder. The foregoing states Seller's entire and exclusive liability and Buyer's exclusive and sole remedy. Seller will in no event be liable for any consequential, special, or contingent damage or expense arising directly or

indirectly from any defect in its goods or from the use thereof, nor is any other person authorized to assume for Seller any such liability.

XVI. **Limitations:** Any controversy or claim arising out of or related to this contract, or the breach thereof, must be commenced within one (1) year after the cause or action has occurred, unless extended by law.