

TERMS AND CONDITIONS OF SALE

1. Interpretation - Parol Evidence

This writing is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. Irrespective of the fact that one or more terms are left open in this agreement, the parties do intend this agreement to constitute a present contract. Open terms are to be determined as stated. In this contract or, in the absence of a manner herein stated, by the applicable provisions of the Uniform Commercial Code as adopted by the **State of Tennessee**. 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 course of performance rendered under this contract shall be relevant to determine the meaning of this agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection, knowledge of the nature of the performance and opportunity for objection.

2. Modification

Acceptance of this offer to sell must be made on the exact terms of this contract; and if any additional or different terms are proposed by the Buyer, its response shall constitute a counter offer. Furthermore, this contract may be modified or rescinded only by a writing signed by both of the parties or their duly authorized agents.

3. Assignment, Substitution

Precision Industries ("P.I.") may assign its rights under this contract in whole or in part and may delegate its duties under this contract in whole or in part. Buyer shall have no corresponding right to assign or delegate, and any attempted assignment or delegation shall be wholly and totally ineffective for all purposes. Buyer shall not have the right to substitute material or service on this order without authority from **P.I.**

4. Delay of Shipment

This contract is subject to and **P.I.** shall not be responsible for the delay directly or indirectly resulting from or contributed to by fire, embargo, strikes, differences with workmen, failure to secure materials from normal sources of supply, war, insurrection, riots, acts of God, the adoption or enactment of any legislation, statute, ordinance, regulation or act, or without limiting the foregoing, any other acts or contingencies beyond **P.I.**'s control involving transportation or production or processing used in or in connection with such production, and which shall prevent **P.I.** from making deliveries in the ordinary course of business **P.I.** shall not be relieved from making shipment nor the Buyer from accepting delivery at the agreed price as stated herein when the causes interfering with deliveries shall be removed.

5. Shipment and Passage of Title

Unless otherwise designated herein, all goods shall be shipped F.O.B. **P.I.**'s place of business. The risk of loss shall pass to the Buyer as soon as the goods are designated for this contract. Title to the goods shall pass as soon as the goods are identified for this contract. Identification of the goods shall occur at the moment this contract is signed or as soon thereafter as the goods may be so identified.

6. Tooling

A reasonable number of samples will be submitted for approval before going into production on new or rebuilt models, tools, or dies. Unless written notice or rejection is received within thirty (30) days, billing for tools will be made.

7. Price

All orders are accepted with the provision that any goods that cannot be shipped at once will be billed at prices prevailing at the time of shipment. Any tax or governmental charge upon the production, sale, or shipment of the goods sold hereunder, now imposed or to become effective during the terms of this contract, shall be added to the price herein provided, and shall be paid by the Buyer to **P.I.** If **P.I.** shall be required to ship the goods, the Costs of shipping, freight, and handling shall be added to the cost of the products and shall be paid by the Buyer to **P.I.**

8. Quantities

Each item ordered will be considered complete upon delivering to the Buyer 10% more or less than the quantity ordered. Any excess delivered, exceeding 10% shall be accepted and paid by the Buyer.

9. Acceptance

Buyer shall have ten (10) days after the receipt of the goods to inspect and either accept or reject them and to notify **P.I.** of any rejection of the goods. If the Buyer shall retain the goods in his possession for a period in excess thereof after delivery of them to his place of business, this shall be regarded as an irrevocable acceptance by him of the goods delivered.

10. Express Warranties

Any description of the goods in this contract is strictly for the purpose of identification, is not a basis for this bargain, and does not constitute a warranty that the goods shall conform to that description. The use of any sample or model in connection with this contract was used merely to illustrate the general type and quality of the goods and not to represent that the goods would necessarily be of that nature and type. No affirmation of fact or promise made by **P.I.** whether or not in this agreement, shall constitute a warranty the goods will conform to the affirmation or promise **P.I.** shall not be liable for any claims for labor, expense, or damages (whether directly or consequential) resulting from or occasioned by use of defective material.

11. Implied Warranties

The goods sold under this contract are purchased by the Buyer "As Is" and **P.I.** DOES NOT WARRANT THAT THEY ARE MERCHANTABILITY NOR THAT THEY CAN BE USED FOR ANY PARTICULAR PURPOSE.

12. Patent Warranty

The customer agrees in consideration for the price at which this order is filled to sublicense **P.I.** for the items delivered in accordance therewith under any patent license or patents under which they have rights to have items made for their order and use, and they agree to make available to **P.I.** upon reasonable request any instruments, information, or aid they can reasonably furnish for defense of any claims arising out of patents under which they have rights that may be asserted as a result of filling this order.

13. Cancellation

An order maybe cancelled at any time upon written notification subject to the following conditions.:

- a. Buyer will accept delivery of, and pay for at current prices all merchandise which is completely manufactured at time of cancellation.
- b. Buyer will pay all costs, direct and indirect, incurred on any products which have not been completely manufactured at the time of cancellation.

14. Cancellation by P.I.

P.I. reserves the right to cancel any or all of this contract at any time.

15. Claims

Claims for errors, deficiencies, or imperfections will not be considered unless made with reasonable promptness after receipt of materials and unless Buyer promptly discontinues the use of said material. Material proving defective in the hands of the Buyer, when used or the purpose for which sold, will be replaced or credit will be allowed for the price thereof at **P.I.**'s option **P.I.** shall not be liable for any claims for labor, expense or damages (whether direct or consequential) resulting from or occasioned by use of defective material and material must be returned except by written permission of Seller.

16. Buyer's Materials

If the order shall require the use of Buyer's materials and/or components, they are accepted subject to delivery at the time, in the amount, and in the dimensions specified by **P.I.** It will be the Buyer's responsibility to furnish the raw materials and/or components acceptable to **P.I.** If it is necessary to perform further operations on the materials and/or equipments supplied, it will be on the Buyer's approval and at their expense. The buyer will be responsible to provide such materials and/or equipment as will be necessary for continuous operation. Scrap resulting from such fabrication shall become **P.I.**'s property.

17. Applicable Law

This agreement shall be governed by the Uniform Commercial Code and the applicable law of the **State of Tennessee**.

18. Statute of Limitations

Any action under the contract must be commenced within one (1) year from the date of acceptance of that item.

19. Buyer's remedies

In the event of a breach or repudiation of this contract by **P.I.** where **P.I.** fails to make delivery or repudiates the contract, or where the Buyer rightfully rejects the contract or justifiably revokes acceptance, then with respect to this contract or any individual shipment involved hereunder the Buyer shall not have the right to "cover", nor any incidental, consequential, or other damages as defined by Sections 2-711 through 2-716 of the Uniform Commercial Code or any other provisions thereof. Buyer's sole remedy shall be for restitution of amounts paid and/or for the replevy of the goods already manufactured for the Buyer.

20. Seller's Remedies

P.I. shall have the rights and remedies afforded to him under the Uniform Commercial Code.

21. Bankruptcy

In the event that the Buyer becomes bankrupt or insolvent or is placed in receivership during the term of this contract, this contract shall be deemed to be repudiated by the Buyer and **P.I.** may terminate this agreement upon written notice thereof to the Buyer. Such termination shall not prejudice **P.I.**'s rights to any amounts then due under this contract or to any other rights that may be afforded it.

22. Acceptance - Different Terms

Acceptance of this offer must be made on its exact terms and if additional or different terms are proposed by the Buyer, his response shall constitute a counteroffer.