

**LONGBAR GRINDING, Inc - TERMS AND CONDITIONS OF SALE**

**Terms To Govern:** Except as set forth below, the terms and conditions of this Sales Order Confirmation ("Confirmation") and Invoice ("Invoice") set forth the entire understanding between the Seller and Buyer and supersede all other prior agreements with respect to the subject matter of this Confirmation and any additional or inconsistent terms contained in Buyer's purchase order or other documents. If Buyer has completed a credit application, the terms and conditions of that credit application are incorporated herein. If this Confirmation is ordering goods and/or services from an existing sales agreement between Buyer and Seller that expressly overrides the pre-printed terms and conditions in this Confirmation, the terms and conditions in that sales agreement will control this sale. The terms and conditions in this Confirmation may not be changed except with the written agreement of the Buyer and Seller and may not be waived except with the written consent of the waiving party.

**Price:** Prices in effect at time of shipment of goods or performance of services shall prevail. All prices quoted by Seller are subject to correction or change without notice. Unless otherwise stated on the Seller's invoice, prices do not include any sales, use or excise tax or any other tax, duty or charge which is now in effect or may be hereafter imposed by any Federal, State or other authority. All such taxes, duties or other charges shall be paid by Buyer unless Buyer shall provide Seller an exemption certificate acceptable to the appropriate authorities. Where applicable, such taxes shall be billed as a separate item and paid for by Buyer. Additional charges for freight and/or any additional costs for local delivery may also apply.

**Credit Terms:** Seller may, in its absolute discretion, impose credit terms on its Buyers. Such credit terms may, at Seller's discretion be determined in consultation with third party insurance or credit rating agencies. Credit terms imposed may be in respect of the amount of credit, the terms of payment or a combination of both. If credit terms are imposed on the Buyer, Seller shall notify the Buyer of the credit terms granted. Buyer must remain in good standing with Seller to qualify for Credit Terms. Seller may, in its absolute discretion from time to time and at any time modify or vary the credit terms granted to the Buyer. Any modification or variation of credit terms shall be notified to the Buyer in writing. Buyer and Seller each agree that if Buyer fails to timely pay amounts due, Seller may assign the Buyers account for collection, and the collection agency may pursue, claims limited strictly to the collection of the past due amounts and any interest or costs of collection permitted by law. If Buyer's account, is or remains unpaid, has an arrears balance or otherwise not in good standing, Seller at its sole discretion, may refuse future product or services, reduce, suspend or terminate any or all current contract or service requirements.

**Purchase Orders:** Purchase Orders are subject to the approval of Seller's Credit Department and policies. Buyer must be in good standing with Seller before Seller, will accept new purchase order/s, procure materials or services for existing contracts on hand, release product to Seller. Buyers receipt of an order confirmation from Seller does not signify Sellers acceptance of Buyers purchase order, nor does it constitute confirmation of Sellers offer to sell. Seller reserves the right at any time after receipt of Buyers purchase order to accept or decline or cancel Buyers purchase order (in whole or in part) for any reason. Seller may also require additional verifications or information before accepting any purchase order supplied by Buyer. Buyers order is not accepted until it is shipped, and Buyers account will not be charged until shipment has been made.

**Payment Terms:** Unless otherwise agreed in writing, terms of payment are always net, without discount, deduction, offset or counterclaim of any amount without setoff or deduction, due date as calculated from date of invoice or goods are delivered, whichever is earliest, if Buyer's credit has been approved prior to sale. Terms are calculated from date of invoice. Seller reserves the right to suspend any shipments until such payment or adequate assurance of performance has been received. If, in the opinion of Seller, the financial condition of Customer at any time fails to justify the terms of payment specified, Seller reserves the right to require full payment or other adequate assurance of performance from Customer.

**Default:** If Buyer shall become overdue on its account or otherwise defaults in any payment to Seller or if its financial condition shall at any time seem to Seller otherwise inadequate to warrant further shipment on an open account basis, Seller shall have the right, without liability, to refuse to accept any or all orders, to cancel any and all orders, to delay shipments to Buyer, or to require advance payment before accepting or shipping any orders.

**Shipments:** Prices and deliveries of products are Ex Works Seller's facility. Upon delivery of shipments to the carrier, title to, and the risk of loss or damage in transit for, such shipments passes to Buyer. Shipping schedules are estimates only which cannot be guaranteed because of the nature of Seller's products, and material, labor and manufacturing conditions beyond Seller's reasonable control. Under no circumstances shall Seller be responsible for any inability or delay in meeting shipping schedules or for any loss or damage (whether direct or consequential) resulting therefrom. The Seller is not obligated to, deliver, release for collection by the Buyer or to the Buyer's courier, as long as the Buyer, is not in good standing with the Seller.

**Claims:** Claims on prices must be submitted within seven (7) days from the date of Seller's invoice. Claims on errors in shipments must be submitted within seven (7) days from the date of delivery of the products.

**Returns:** No products are to be returned to Seller without prior approval from Seller. Credit or replacement will only be made after a thorough inspection of the products has been made by Seller's representative and investigation shows that it is defective, or, was shipped in error. A return authorization will be given to Buyer by Seller's sales representative for returnable merchandise and must accompany the shipment. Seller retains the right to apply a thirty (30) percent restocking charge on returns. Unique or specialty products are not returnable.

**Cancellations:** Cancellation of orders or any portion thereof will be allowed only with Seller's prior written consent and the payment of such cancellation charges as Seller may determine. Cancellation will not be accepted on products that are not regular stock, which are in the process of manufacture or customization, or are ready for shipment. Orders for unique or specialty products are not subject to change or cancellation without written approval from Seller and upon the condition that Buyer pays Seller applicable cancellation charges.

**Late Payments:** Payments not made by Buyer within terms will incur a finance or late charge after the date due calculated at a rate equal to the lesser of eighteen (18) percent per annum or the highest rate allowed by applicable law. To the extent permitted by applicable law, Buyer agrees that the finance charge is subject to change by Seller upon written notice given in advance of the effective date of the change. Should collection action or litigation ever become necessary to collect delinquent sums due to Seller, Buyer agrees to pay to Seller its collection costs and reasonable attorney's fee(s) including all out-of-pocket collection or litigation expenses of Seller whether or not suit is filed. Notwithstanding the credit terms extended to Buyer, Buyer agrees to pay upon demand at any time to Seller the full amount of outstanding indebtedness owing to Seller. No terms or conditions of any purchase orders different from the credit terms of Seller will become part of any sales agreement, purchase order, or other agreement between the parties unless such terms are specifically and expressly approved in writing by Seller.

**Credit Balance:** Any credit balance issued will be applied within one (1) year of its issuance. IF NOT APPLIED WITHIN ONE (1) YEAR, THE BALANCE REMAINING SHALL BE CANCELLED, AND SELLER SHALL HAVE NO FURTHER LIABILITY EXCEPT AS REQUIRED BY APPLICABLE LAW.

**Warranties and Disclaimers:** Seller represents and warrants that, as of the time and at the place of delivery, (i) Seller has the right to convey good title to the goods and/or services and (ii) the goods and/or services delivered will conform to agreed-upon specifications. EXCEPT FOR THE FOREGOING, SELLER DISCLAIMS, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OF THIRD-PARTY INTELLECTUAL PROPERTY RIGHTS.

**Seller's Intellectual Property:** Buyer may not use Seller's trade names, trademarks, logos, service marks, or other proprietary marks.

**Limitation of Liability:** Any claim by Buyer (i) that any goods or services do not conform to the agreed-specifications or (ii) made otherwise with respect to the goods or services must be made promptly and will be deemed to be waived unless received, in writing, by Seller within fourteen (14) days after the delivery of the goods or services. Buyer's exclusive remedy and Seller's exclusive liability for delivery of nonconforming goods or services or for breach of warranty is expressly limited to, at Seller's option, (i) replacement of the nonconforming goods or services or (ii) refund of the purchase price to the extent already paid. All nonconforming goods must be returned to Seller or, at Seller's

direction, disposed of by Buyer in a manner acceptable to Buyer and Seller. IN NO EVENT WILL SELLER BE LIABLE TO BUYER, OR TO ANY THIRD PARTY, FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF WHATSOEVER NATURE.

**Buyer Indemnity and Breach:** Buyer agrees to indemnify Seller from any and all liability that may arise from the delivery, use, storage, transportation, modifications to the goods, or resale of the goods and/ or services. If Buyer breaches any of its obligations hereunder, Seller has the right to immediately terminate this Confirmation, in whole or in part, and pursue any other remedy available to Seller under this Confirmation or applicable law.

**Price Increase and Changes and Cancellations:** Prices quoted are for standard products and services only. Any advance in applicable environmental disposal handling charges, freight rates, fuel, energy and transportation surcharges, taxes, duties or other assessments or fees on this Confirmation or the production, processing, sale, delivery, storage, shipment, transportation or use of the goods, services and/ or the raw materials sold hereunder, taking effect after the date of this Confirmation but before the fulfillment of this Confirmation may, at Seller's option, be added to the Price(s) set forth in this Confirmation. Seller will also have the right, at Seller's option, to add to the Price any increase in the cost of production because of any legislation passed or regulations issued after the date of this Confirmation. Additionally, any and all orders placed on less than five (5) days lead time, or that request delivery outside the standard delivery times of 8:00 a.m. and 4:00 p.m. Monday through Friday (Los Angeles, CA local time), and/ or all change orders or cancellations, including those in which Buyer requests a change in the products, delivery schedule, or delivery time, or any other changes to a purchase order requested on less than five days' notice before the scheduled date of delivery may, at Seller's option, be subject to additional charges.

**Risk of Loss/Transfer of Title:** Except as otherwise specifically stated in this Confirmation, Buyer will assume title to the goods at the same time Buyer assumes risk of loss in Terms and Conditions of Sale accordance with the applicable INCO/Delivery Term set forth on page 1 of this Confirmation.

**Delay or Failure to Take Timely Delivery:** If Buyer fails to take timely delivery of any goods and/ or services, Seller may, in addition to its other remedies, (i) extend the delivery period and/ or (ii) assess Buyer carrying charges, demurrage, detention and/ or other charges or penalties.

**Financial Condition:** If Buyer fails to make timely payment of any obligations or if Seller determines that there are reasonable grounds for insecurity concerning Buyer's performance, Seller may require immediate payment of all sums owed by Buyer; or demand adequate assurance of due performance. Seller may, in addition to its other rights or remedies, treat Buyer's failure to make immediate payment or provide adequate assurance of performance as a total breach of this Confirmation.

**Force Majeure:** A party will be excused from a failure to perform or a delay in performance caused by events beyond its reasonable control if that party (i) takes reasonable efforts to remove the cause of its inability to perform or its delay in performance and (ii) gives prompt notice to the other party of the particulars of its inability or delay. In the event Seller is unable to supply the total requirements of its customers, Seller may allocate its available supply among its customers in a manner determined by Seller to be fair and equitable. Seller will have the right to terminate this Confirmation, without any liability to Buyer, if either party's performance is excused for more than twenty (20) calendar days.

**Right to Offset:** Without limiting Seller's other rights and remedies, Seller has the right to set off and/ or net its obligations under this Confirmation against any debts, claims or obligations owed by Buyer to Seller.

**Measurements, Weights and Analysis:** Unless otherwise stated in this Confirmation Seller's measurements, weights, analysis and condition, at origin, will govern.

**Confidentiality:** Buyer agrees to keep confidential the terms and conditions of this Confirmation.

**Destination Control Clause:** The goods, services and/ or intellectual property subject to this Confirmation, if intended to be exported (or re-exported) from the United States, will be exported (or re-exported) in accordance with the U.S. Export Administration Regulations. Diversion contrary to U.S. law is prohibited. The goods, services, and/ or intellectual property may not be resold to, disposed of, or transported on or by a carrier owned, flagged, leased, or chartered by, any

country (including Cuba), person or entity which would cause Seller to be in violation of or be penalized by United States or other applicable economic sanctions laws. Additional information is available from Seller upon request.

**Governing Law:** The laws of the jurisdiction of the address of the Seller on the face of the Confirmation, disregarding any conflict of law rules in that jurisdiction, will govern the Confirmation. Any dispute arising from the Confirmation will be exclusively resolved in the courts in the jurisdiction of the Seller.

**Exclusion of Conventions:** The following international conventions will NOT apply to this Confirmation: (i) the Uniform Law on the Sale of Goods and the Uniform Law on the Formation of Contracts for the International Sale of Goods, (ii) the United Nations Convention on Contracts for the International Sale of Goods of 1980 and (iii) the United Nations Convention on the Limitations Period in the International Sale of Goods, concluded in New York on 14 June, 1974, and the Protocol Amending the Convention on the Limitations Period in the International Sale of Goods, concluded in Vienna on 11 April, 1980.

**Assignment:** Buyer may not assign any of its rights or obligations hereunder without Seller's prior written consent. This Confirmation will be binding upon and inure to the benefit of the parties and their heirs, administrators, executors, successors and permitted assigns.

**Severability:** If any provision of this Confirmation is held to be invalid, illegal or unenforceable, either in whole or in part, that holding will not affect the validity, legality or enforceability of the remaining provisions of this Confirmation.