



CONDITIONS GOVERNING ALL PROPOSALS

FERRY INDUSTRIES, INC. herein called the "Company" offers to sell to the Buyer, the machinery herein described, on the following conditions.

ACCEPTANCE: Delivery of an order with reference and in response to this Proposal and Offer at the offices of the Company shall constitute the acceptance of all of the terms and conditions set forth herein and any inconsistent or additional terms contained in the Buyer's order are hereby rejected unless expressly accepted in writing by the Company within ten days after its receipt of such order. The terms and conditions as stated herein shall not be modified other than in writing executed on behalf of the Buyer and the Company. Delivery of a Purchase Order by Buyer pursuant to this proposal shall be deemed to be an acceptance by Buyer of the Terms and Conditions of this proposal and the terms and conditions included herein. There are no understandings between the parties hereto as to the subject matter of this contract other than as set forth herein.

PRICES AND TAXES: Subject to escalator provisions, if any, the prices quoted herein will remain valid for a period of thirty (30) days from the date hereof, after which period the Company may change the same without notice. Therefore, if the placing of an order with respect to this offer has been delayed beyond such time Buyer shall obtain confirmation of the prices prior to submitting an order relating thereto. Unless otherwise stated herein, prices quoted are F.O.B. point of manufacture. Unless otherwise agreed to by the Company in writing, the amount of any local, State or Federal tax levied after the date hereof on the equipment covered by this offer shall be paid by and remain the sole responsibility of the Buyer. Any portion of the price which is not paid in accordance with the terms of payment herein stated shall bear interest at a rate of 1-1/2% per month from the due date.

DELIVERY: Any dates or schedules which may be specified anywhere herein for the delivery of the equipment covered by this offer have been stated only approximately and are estimated from the date of receipt of Buyer's order and down-payment, with complete drawings, specifications, designs, samples and other information reasonably requested by the Company in order to proceed with the design and manufacture of the equipment. The Company shall not incur any liability, either direct or indirect, nor shall any order be canceled, because or as a result of any delays in meeting such dates or schedules. Unless otherwise stated herein, the Company shall bear no responsibility whatsoever for the loss of or damage to the equipment or any portion thereof following delivery of the same to a carrier at the point of manufacture.

LAW, ORDINANCES AND REGULATIONS: The Company shall utilize reasonable efforts to cause the equipment to comply with federal safety, health and environmental regulations and insurance codes of a national scope. However, the Company shall not be responsible for compliance by the equipment with local interpretations of such federal regulations or insurance codes, nor with any local laws, ordinances, codes and or regulations which may at any time be in effect at any location where the equipment is to be installed or utilized unless such responsibility shall be expressly assumed by the Company in writing.

FORCE MAJEURE: Furthermore, the Company shall not be responsible or liable for any delays or failures in manufacture or delivery due to any cause or condition beyond the control of the Company, including, without limiting the generality of the foregoing, strikes or other labor difficulties, fire, floods, inability to secure transportation facilities, actions of the elements, shortage of materials or equipment, riots, or other civil commotion and war.

INSTALLATION AND STARTING-UP OF EQUIPMENT: The Company will provide the services of one of its technicians during that time period set forth in the Company Service Policy. In the event and to the extent the Buyer may require the services of technicians for a period of time in excess of that set forth in the Company service policy, or should the Buyer require the services of any additional technician or technicians, the Buyer shall pay the Company, at such a per diem rate as may be from time to time established by the Company, for each day during which such technician or technicians may be present at any business premises of the Buyer for the purpose of rendering such services or in the course of travel to or from such premises, together with the subsistence and travel expenses of such technicians. The Buyer may notify the Company of the date or dates upon which it desires that the technician or technicians of the Company be present at its business premises in order to render the installation and starting-up assistance above-referred to and the Company will utilize reasonable efforts to comply with such request, provided, however, that the Company shall incur no liability because or as a result of any failure to provide the services of such technician or technicians on the date or dates requested. As a prior condition to any obligation of the Company to furnish installation and starting-up assistance as above provided, the Buyer shall furnish at its sole expense and at all times from and after the date of the commencement of such assistance all necessary utilities, adequate and secure storage space and all such other conditions and facilities as the Company may at any time reasonably request in order to commence and without hindrance complete the furnishing of such assistance. Except above-provided, the Company shall not be responsible for the installation and starting-up of the equipment or the training of Buyer's personnel in its use.

WARRANTY: The Company will repair or replace any portion of the equipment which proves defective within a period of one (1) year from the date of shipment upon the return of the same to the Company at Buyer's expense when such defects are due to defective materials supplied by the Company or defective workmanship of its employees, provided that the equipment shall have been properly installed, maintained, and utilized during the period covered by this warranty, provided further, that this warranty shall extend only to the Buyer and not to any party which may acquire the equipment from the Buyer by any means and provided, other changes incurred by Buyer in removing and/or refixing any portion of the equipment to be returned to the Company as aforesaid for repair or replacement. At all times, the Company shall have and possess the sole right and option to determine whether to repair or replace defective equipment. Machinery, parts, and accessories manufactured by others, including without limitation, temperature indicating, recording and controlling apparatus, combustion safeguard equipment, pumps, motors, valves, variable frequency drives or system components, spindle motors, servo-motors, servo-amplifiers, linear motors/amplifiers or drives, CNC

controls and system components, power supplies/filters/chokes, TVSS systems or components, teach/programmable stations or pendants, PC or like computers, power or signal cabling, solenoid valves, air/vacuum sensors, indexing devices, ballscrews, ballnuts, linear guideways, linear guide bearings/carriages, pneumatic cylinders, chain/belt drives, threaded inserts or bushings, shaft coupling devices, speed reducing mechanisms, gearmotors, material handling equipment, dust/chip collection equipment, vacuum pumps, cooler/chiller or refrigeration units, hydraulic pumps, air compressors, air chiller/filtration units, digitizing/probing/scanning devices, part fixtures, tool, material, or machine lubrication systems and components, as well as any and all software are warranted only to the extent of the original manufacturer's warranty to the Company. Furthermore, the foregoing warranty shall not be deemed to extend to expendable components, including without limitation saw blades, router tooling, collets, toolholders, covernuts, collet extensions, right angle heads, blade guides and grinding wheels on splitting equipment, nor to cutting plates and die frames included on die cutting machines.

EXCLUSION OF OTHER WARRANTIES: EXCEPT FOR THE ABOVE EXPRESS WARRANTY, THERE ARE NO WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WHICH ARE HEREBY DISCLAIMED, WHICH EXTEND BEYOND THE DESCRIPTION OF THE EQUIPMENT ON THE FACE HEREOF. NO WARRANTIES OR REPRESENTATIONS AT ANY TIME MADE BY ANY DISTRIBUTOR FOR OR SALES REPRESENTATIVE OF THE COMPANY SHALL BE EFFECTIVE TO VARY OR EXPAND THE FOREGOING EXPRESS WARRANTY OR ANY OTHER TERMS HEREOF. NO WARRANTY SHALL BE HELD TO COVER DAMAGE TO EQUIPMENT RESULTING FROM SHIPMENT, IMPROPER STORAGE, OR UNAUTHORIZED MODIFICATIONS, ALTERATIONS OR REPAIRS. ANY DEDUCTIONS FROM COMPANY INVOICES FOR AUTHORIZED WARRANTY WORK SHALL BE MADE ONLY UPON PRIOR WRITTEN AUTHORIZATION BY THE COMPANY. THE COMPANY SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES OR LOST PROFITS OR OTHER FINANCIAL LOSS UNDER ANY CIRCUMSTANCE, EVEN IF ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.

LIABILITY LIMITATION: In no event shall the Company be liable to the Buyer or to any third party for consequential, incidental, indirect or special damages resulting from or in any manner related to the equipment, its design, use, or any inability to use the same, including, without limitation, damages arising out of or in any manner relating to the manufacture, delivery, installation or erection of the equipment or any delay with respect to such delivery, installation or erection, it being understood that the sole and exclusive remedy of the Buyer or any third party shall be the repair, correction or replacement of defective equipment pursuant to the "WARRANTY" provisions hereinabove contained. Should the equipment prove so defective, however, as to preclude the remedying of warranted defects by repair or replacement, the Buyer's sole and exclusive remedy shall be the refund of the purchase price upon its return of the equipment to the Company following written approval by the Company of such return. In no event shall the Company's liability hereunder exceed the amount actually paid by Buyer to the Company hereunder.

SPECIAL MACHINERY OR MATERIALS: In the event the Buyer requests or requires that the Company utilize or include any machinery or material in connection with the equipment covered by this offer other than that normally supplied by the Company, the Company shall not be responsible for the operation of the equipment purchased hereunder unless such machinery or material conforms to the specifications of the Company in all material respects. Such machinery or material shall be obtained and shipped at the sole expense of the Buyer who shall bear the sole responsibility for furnishing the same to the Company prior to the commencement of manufacture of the equipment by the Company. Any and all expenses incurred by the Company in altering, mounting or otherwise including such machinery or material in its equipment shall be added to the price stated in this offer and paid by the Buyer.

CHANGES IN DETAIL OF DESIGN: Any and all specifications and/or designs attached hereto or included herewith are of a standard form covering the Company's equipment. The Company shall be entitled to make any and all changes in such specifications and/or in details of design, construction or arrangement of the equipment as the Company in its sole discretion determines will constitute an improvement upon the equipment or any specifications or designs previously furnished to the Buyer.

CANCELLATION OR CHANGES OF ORDERS: No order may be withdrawn or cancelled by the Buyer, nor deferred when ready, unless the Company shall otherwise agree in writing. The Company may, but shall not be required to, accept a cancellation from Buyer contingent upon payment of a cancellation or deferral charge of a reasonable amount acceptable to the Company, in its sole discretion. In the event Buyer shall request changes in an order after its receipt by the Company, Buyer shall be responsible for all charges reasonably assessed by the Company with respect to such changes.

INFRINGEMENT: With respect to the equipment covered by this offer, the Company shall hold the Buyer harmless to the extent of any rightful claim under any U.S. patents covering such equipment as delivered, provided that Buyer promptly notifies the Company of any charge of infringement or the institution of any litigation alleging infringement and that the Buyer turn over to the Company full control of the disposition of any such charge or litigation including the right to defend, settle, or otherwise compromise any such third party claim. In the event that the equipment encompasses any feature, construction, or design at Buyer's request other than that normally offered by the Company, or should any additions, changes or modifications be made by the Buyer to the Company's equipment. Buyer agrees to hold the Company harmless against any claim or infringement of any patent or other intellectual property right relating thereto which may be asserted against the Company by any third person.

PAYMENT OF LESS THAN FULL INVOICE: In the event Buyer seeks to make payment on an invoice from Seller in an amount less than the full amount of the invoice and Buyer intends such payment to be in full satisfaction of the invoice, Buyer must send such payment to Office of Disputed Accounts, Ferry Industries, Inc. 4445 Allen Rd., Stow, OH 44224.