

## AMERICAN JEBCO CORPORATION

### CONDITIONS OF SALE

**No. 1-GENERAL:** Every quotation, offer to sell, acceptance of offer to purchase, confirmation of sale agreement, and sale by American Jebco Corporation, ("Seller") is expressly conditioned on assent by the purchaser ("Purchaser") to these standard terms and conditions of sale, which supersede all prior terms and conditions, whether written or oral, and which may not be varied or waived except by written agreement signed by an officer or Seller.

**No. 2-TERMS:** Delivery-F.O.B. shipping point; Payment-1/2 of 1% 10 days, net 30 days.

**No. 3-QUOTATIONS:** Stenographical and clerical errors subject to correction. Until an order is accepted by Seller, Seller's quoted prices are subject to change without notice. All quotations unless otherwise stated are non-binding until Seller accepts Buyer's order. All orders and contracts are subject to acceptance at Seller's office.

**No. 4-CREDIT:** Accounts will be opened only with firms or individuals on approved credit. Seller reserves the privilege of declining to make deliveries except for cash whenever reasonable doubt as to the Buyer's responsibility develops.

**No. 5-CANCELLATION:** Orders may be cancelled before delivery only upon the condition that Buyer gives reasonable notice and assumes immediate liability and makes payment to the Seller for any of the following as appropriate: 1) all work complete at the unit price; 2) work in process on the basis of the percentage of completion thereof times the order unit price; 3) raw material, unamortized tooling, engineering and other cancellation charges incurred on the basis of cost to Seller plus handling and overhead charges. All cancellation charges to be determined at the time of cancellation. Deliveries may be deferred only upon the terms agreed to by Seller in writing.

**No. 6-QUANTITIES:** All quotations are based on Buyer accepting over-run or under-run on each individual item not exceeding 10% of quantities ordered. Where closer control of quantity is required, special arrangements must be made. Quotations are based on quantities to be produced at one time to one destination. For partials or expedited orders, Seller reserves the privilege to assess reasonable set-up or lot charges to Buyer and to add such charges to the purchase price.

**No. 7-DELIVERY:** Estimate of delivery is from receipt of order and is subject to prior sale of present inventory. Although every effort is made to fill orders within the estimated delivery time, Seller is not liable for any damages growing out of or connected with later deliveries. Under no circumstances will Seller be responsible for any freight charges (including any charges arising out of any late deliveries) unless previously authorities in writing by Seller in each instance. Unless otherwise specified in the quotation, shipments will be made when ready.

**No. 8-CLAIMS:** If Buyer claims delivery of material not as orders, Buyer must notify Seller within thirty (30) days of receipt of shipment. Liability on any claim (including those for defective material) is limited to refund, repair, replacement or combination of such actions as Seller may elect. Acceptance, use or further processing by Buyer waives all claims as to materials so accepted, used or further processed in good faith. No freight or credit for returned goods will be allowed unless authorized by Seller in writing prior to return. Claims for shortages must be made within thirty (30) days from receipt of the goods, and in every case the weights found in the shipments, including tare, must be given and Seller advised of the method used in arriving at a count of the parts.

**No. 9-TOLERANCES:** Commercial tolerances (as defined in the Industrial Fasteners Institute Fastener Standards) apply on all dimensions not clearly specified on the quote request, purchase order or appropriate sketch, sample or print.

When specific tolerances are not covered by the Industrial Fasteners Institute Fastener Standards, generally accepted industry standards apply.

When Buyer purchases pursuant to his own specifications, Buyer alone, not Seller will be responsible for the design and fittings of parts. The conforming of the Seller's product to the specified tolerance is sufficient evidence as to the correctness of the product.

**No. 10—ACCEPTABLE QUALITY LEVELS/INSPECTION:** Inspections by Seller is made on a percentage basis only. If 100% inspection is required, it is at Buyer's expense. Unless specifically agreed to by both parties in writing prior to shipment, Seller does not guarantee conformance to all print specifications on 100% of each lot. Quality levels provided are those as generally accepted in the industry and described in the Industrial Fasteners Institute Fastener Standards.

When parts have been found that the Buyer considers nonconforming, the following inspection procedures apply:

- (a) A random sample shall be obtained from the lot and jointly inspected by Buyer and Seller, or as mutually agreed to, for the characteristics in question;
- (b) The sample size and acceptance/rejection criteria shall be in accordance with guidelines provided in the Industrial Fasteners Institute Fastener Standards "Inspection and Quality Assurance for General Purpose Fasteners".

In the event of a potential rejection, suitable disposition of the lot shall be reasonably negotiated by Buyer and Seller according to fair and equitable business practices.

**No. 11-TOOLS:** Any equipment, including jigs, dies and tools which Seller constructs or acquires for use exclusively in the production of goods orders by Buyer, shall be and remain property of Seller.

**No. 12-SHIPMENT:** In ordering, Buyer shall state explicitly the method of shipment preferred and in the absence of shipping directions Seller will use discretion, forwarding by express or parcel post when packages are small and therefore liable to be lost in transit by freight. Parcel post shipments will be insured at Buyer's expense and added to the purchase price unless otherwise specified.

**No-13: TAXES:** Any tax imposed by any present or future law of federal, state or municipal authority on the manufacture or sale of the articles purchased hereunder, and required to be paid or collected by Seller, shall be added to the purchase price to be paid by Buyer.

**No. 14-NO CONSEQUENTIAL DAMAGES:** Under no circumstances shall Seller or Buyer be liable to each other for any consequential damages, whether based upon lost goodwill, lost resale profits, work stoppage, impairment of other goods or otherwise and whether arising out of breach of any express or implied warranty, breach of contract, negligence or otherwise, except only in the case of personal injury where applicable law requires such liability.