

INGERSOLL PRODUCTION SYSTEMS ("Seller")

Customer Referenced in Attached Proposal ("Buyer")

TERMS AND CONDITIONS

Unless otherwise stated by Seller, the attached proposal and any resulting contract for equipment and services are subject to the following Terms and Conditions.

DEFINITIONS

The term "Authorization Date" is defined as the date Seller receives formal authorization from the Buyer to begin work.

The term "Ship Date" is defined as the originally-scheduled date Seller presents the equipment to a common carrier.

1. PRICES

Prices are in U.S. funds, F.C.A. Seller's place, Rockford, Illinois.

Prices shall be valid for thirty (30) days from the date of this proposal; thereafter prices are subject to change without notice at any time prior to acceptance.

Buyer shall pay all charges for transportation and delivery and all excise, order, occupation, use or similar taxes, duties, levies, charges, or surcharges applicable to the equipment or services sold under this proposal, whether now in effect or hereafter imposed.

2. PAYMENT TERMS

Prices quoted are based on the following payment schedule:

- 30% Upon receipt of Purchase Order.
- 30% Upon release of Bills Of Material.
- 30% Upon shipment of Equipment.
- 10% Upon acceptance by Buyer or start of production (whichever is sooner) not to exceed 120 days from date of shipment.

Interest of 1% each month will be assessed on all overdue accounts.

All changes to a contract resulting from the preceding proposal will require Seller's written consent, must be covered by a purchase order amendment, will state a firm fixed price, and will be subject to the above payment schedule.

Seller reserves the right to impose an interest charge (not exceeding the lawful maximum) on the value of each invoice not paid on its due date for the period of time from the due date to the date of receipt of payment.

3. ACCEPTANCE OF ORDERS

Upon receipt by Seller in Rockford, Illinois, of Buyer's written acceptance and issuance of Seller's written acknowledgment, this proposal will become a contract to furnish equipment and services exclusively on these Terms and Conditions, superseding all prior conflicting negotiations, representations, or agreements, whether oral or written. Seller shall not be bound by any additional or different terms and conditions, whether printed or otherwise, in Buyer's written acceptance or in any other communication from Buyer to Seller unless specifically agreed to by Seller in writing. In the event of any conflict or inconsistency between any terms and conditions of Seller and any terms and conditions specified by Buyer in any inquiry, order, or other document, these Terms and Conditions of Seller shall apply.

4. SHIPMENT

Seller will establish the Ship Date on the Authorization Date and confirm in the order acknowledgment letter. Seller does not assume responsibility for delays in shipment caused by fires, labor disputes, delays and interruptions in and failure of sources of materials, supplies, equipment, and labor, war, actions or failure of actions of Government authority, acts of God, unavailability of transportation facilities, or other circumstances not reasonably within Seller's control. Buyer's acceptance of delivery of the equipment shall constitute a waiver of any default due to delay in shipment for any reason.

5. ACCEPTANCE OF EQUIPMENT

Acceptance of the equipment in Buyer's plant is mutually agreed to be upon completion of the acceptance demonstration specified in this proposal or upon Buyer's scheduling the equipment for production for any reason.

6. TITLE

Title to the equipment will pass from Seller to Buyer when the equipment leaves Seller's plant. Insurance of the equipment while in transit will be Buyer's responsibility.

7. GOVERNING LAW

This proposal and any resulting contract shall be governed by and construed in accordance with the laws of the State of Illinois.

8. PROPRIETARY INFORMATION

The information and material contained in this proposal is proprietary and is submitted in confidence with the condition that it will not be copied or otherwise reproduced and will not be used or disclosed to anyone outside Buyer's company except as authorized in writing by Seller.

9. WARRANTY POLICY

Seller guarantees that the design and functionality of machinery and equipment quoted herein will meet criteria and specifications as incorporated in this quotation. If a failure occurs or specifications quoted cannot be met, IPS will warrant its product for a period of 18 months from the date of shipment from IPS or 12 months from acceptance on the customer's floor, whichever occurs first.

This warranty does not cover "perishable tooling" which through normal machine functions, will wear out due to their function and will lose their functionality to maintain machine specifications required. (Perishable tooling is those part touching details and tooling that will wear out through normal operations and need to be replaced periodically.)

The buyer will be fully responsible for following IPS prescribed maintenance, calibration and equipment adjustment procedures at the prescribed intervals throughout the warranty period as described herein. Parts that become defective due to inattention, lack of lubrication, poor maintenance, or improper usage by the buyer will be the buyer's responsibility to cover cost of the part and service expenses incurred.

IPS warranty is for parts only and does not include labor or shipping charges. The warranty period on the repaired or replacement item shall be the balance of the warranty period on the original item. The warranty is not continuing or extended as a result of any repairs or replacements made.

This Warranty agreement will become void in the event machinery or equipment quoted herein is resold to someone other than the original buyer.

SELLER'S WARRANTY IS IN LIEU OF ALL OTHER EXPRESSED OR IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY FOR A PARTICULAR PURPOSE.

10. PRODUCTION WARRANTY

In view of the variances included in individual productivity rates and the other conditions outside of Seller's control, any statements in the proposal relating to production capabilities are estimates only, based on normal operating conditions. ACCORDINGLY, SELLER MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO SAID PRODUCTIVITY LEVELS UNLESS SPECIFICALLY STATED OTHERWISE IN THIS PROPOSAL.

11. LIMITATION OF LIABILITY

IN NO EVENT SHALL SELLER BE LIABLE FOR ANY SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES. FURTHER, IN NO EVENT SHALL SELLER BE LIABLE FOR ANY DAMAGES OR OTHER AMOUNTS FOR ANY REASON WHATSOEVER IN EXCESS OF THE PURCHASE PRICE OF THE EQUIPMENT SET FORTH IN THIS PROPOSAL.

12. PATENT INDEMNITY

Seller agrees to hold Buyer harmless against any claim of infringement of any United States patent now issued, involving any infringement by the equipment furnished herein of any mechanical apparatus claim of said patent, provided Seller is immediately notified in writing upon receipt by Buyer of such claim, Seller is given absolute control of the defense with the right to defend or settle, and Seller is allowed to make changes in the equipment for the purpose of avoiding infringement, it being agreed that the obligation above set out is the only obligation of Seller with respect to any claim of patent infringement.

Under no circumstances shall Seller's liability hereunder exceed the purchase price of the apparatus claimed to infringe.

13. SOFTWARE LICENSE

Upon delivery of the equipment, Seller shall grant Buyer a nonexclusive, nontransferable, paid up, limited license to use proprietary software required to operate and maintain the equipment. In exchange, Buyer is to hold this proprietary software confidential.

14. SOFTWARE WARRANTY

Seller supported software is warranted to conform to the software design specification applicable on the Ship Date. If Seller receives notification of defects in conformance to the software specification during the Warranty Period, Seller's sole obligation shall be to remedy any non-conformance. Seller does not warrant that the operation of the software shall be uninterrupted or error-free.

15. CANCELLATION

If an order resulting from this proposal is terminated by the Buyer, the Seller shall be compensated for labor costs, reasonable overhead expenses, normal profit, non-returnable or special order components, and cancellation charges paid by Seller to suppliers and sub-contractors. Any products within 60 days of completion shall be paid in full.