

STANDARD TERMS AND CONDITIONS OF SALE

(Pneumatic Feed)

1. **PURCHASE ORDERS.** The Buyer agrees that the terms and conditions set forth herein shall be applicable to all orders covering the sale of Seller's goods and shall supersede all printed terms and conditions set forth in purchase orders, order acknowledgments or any other forms used by the Buyer, or any oral agreements between the parties. Seller hereby objects to any terms and conditions appearing in Buyer's purchase orders, order acknowledgments or other forms which modify, contradict or are in addition to the terms and conditions set forth herein. Buyer agrees that its acceptance of any purchased goods shall constitute the Buyer's acceptance of these terms and conditions of sale.

2. **PAYMENT AND PURCHASE MONEY SECURITY INTEREST.** Payment for purchased and delivered goods shall be made in U.S. dollars at the prices stipulated on or before delivery of the goods to Buyer. Prices for the goods which have been quoted and confirmed do not include federal, state, local or other taxes; such taxes, if applicable, will be added to the sale price when Seller is legally obligated to collect them unless Buyer provides Seller with the proper exemption certificate. All of Seller's prices (and other terms) for the goods quoted and confirmed are subject to correction for typographical and clerical errors. Unless Seller states otherwise in writing and signed by an authorized representative of the Seller, all payment terms are: forty (40%) percent deposit/net prepaid (i.e., forty (40%) percent of the purchase price for the goods shall be paid at the time the goods are ordered), and the remaining sixty (60%) percent of the purchase price is due prior to Seller's delivery of the goods to Buyer. Late payments shall bear interest at the lesser of one and one-half (1½%) percent per month or at the highest rate allowed by law on any unpaid balance. Seller reserves all rights if Buyer pays by check and Buyer's check is not honored. Seller hereby retains a purchase money security interest in the goods sold and all proceeds and products therefrom until all payments (including deferred payments, whether evidenced by notes or otherwise) shall have been received in full by Seller. Buyer agrees to execute and deliver all further documents reasonably requested by Seller to protect and perfect Seller's security interest, including, but not limited to, one or more UCC-1 financing statements. If Buyer fails to perform any of its obligations hereunder, including without limitation, failure to make payments as provided above, or otherwise, or if Buyer fails to promptly give reasonable assurances of future performance when requested by Seller, then Seller may, upon five (5) days' written notice to Buyer, declare Buyer to be in default and Seller may suspend performance of its obligations hereunder without liability and retain all rights and remedies Seller may possess at law, in equity and/or as provided herein.

3. **DRAWINGS AND DESIGNS; PERMISSIVE VARIATIONS.**

A. Buyer shall make available to Seller in a timely manner all information reasonably necessary for Seller to provide the goods specified in Seller's quote, purchase order and/or order acknowledgment (collectively, the "Purchase Documents") and shall promptly answer in writing all inquires for information that Seller deems necessary from time to time to perform Seller's obligations under the Purchase Documents. Buyer understands that Seller is relying upon this information. All drawings submitted by Seller, if any, are submitted only to indicate the general style and outline, suggested arrangement, and approximate overall dimensions of the goods quoted.

B. If the goods are to be assembled in accordance with Buyer's specifications, Buyer represents that the drawings, prints and parts, if any, submitted in connection with its order reflect Buyer's latest revisions of such specifications. Any subsequent modification to Buyer's specifications may result in a change to the Purchase Documents, including without limitation to the price quoted and/or an adjustment in the date of shipment of the goods and/or the period of performance, and Seller reserves its rights set forth in Section 4 below. With respect to tolerance, capacity, accuracy, production rates and the like, the terms of the Purchase Documents (and any Change Order described below) shall supersede Buyer's specifications.

C. Unless otherwise agreed to by Buyer and Seller in the Purchase Documents or in any Change Order, the goods shall be assembled in accordance with Seller's standard practices as they exist from time to time. All products under the Purchase Documents and any Change Order shall be subject to dimensions, tolerances and variations consistent with regular industry practices.

D. No governmental or other specification other than the Seller's shall be incorporated by reference herein unless a copy of said specification is agreed upon by Seller and attached to a Purchase Document or Change Order, if any.

4. **CHANGES.**

A. Changes to the design, specifications, scope of supply, delivery schedule and/or shipping instructions of the goods, may only be made in writing by Buyer and Seller ("Change Order"). Such Change Order shall state the parties' agreement on (i) change in the specifications, designs, scope of work, delivery schedule or shipping instructions for the goods, (ii) an adjustment to the purchase price, if any, and (iii) an adjustment in the date of shipment of the goods and/or the period of performance. Both parties agree and acknowledge that unless a Change Order is agreed upon in writing by both parties, the Purchase Documents shall not be modified in any manner. In addition, Seller has the right to suspend performance during the period while the change is being evaluated and negotiated.

B. In the event Buyer has communicated proposed changes to Seller, Seller, at its sole discretion, shall either: (a) accept the Change Order; (b) reject the Change Order and continue performance under the existing Purchase Documents; or (c) cancel the Purchase Documents.

5. **DELIVERY AND RISK OF LOSS.** The risk of loss or damage to all goods sold to Buyer by Seller shall only remain with the Seller until, and shall pass to the Buyer upon, delivery of the goods to the carrier at Seller's loading dock. Seller reserves the right to hold or stop any shipment of goods in transit if all or any portion of the purchase price has not been timely paid. Seller reserves the right to determine the routing and method of shipment of all goods. Buyer agrees to pay all freight, insurance and other transportation charges related to delivery of said goods. Buyer shall have the responsibility to obtain and pay for insurance in an amount not less than the replacement value of the goods. If any portion of the purchase price for the goods sold hereunder shall be unpaid, Seller shall have the right to negotiate and adjust claims with the carrier and/or insurer in the event of misdelivery, loss, or damage regardless of the fact that insurance may have been secured by Buyer.

6. **INSPECTION AND LIMITATION OF WARRANTIES.**

A. Unless otherwise described in the Purchase Documents or in any Change Order, all goods being delivered thereunder will be used, reconditioned and/or recycled goods. Buyer shall promptly inspect the goods upon their arrival at Buyer's shipping destination, and must notify Seller in writing within five (5) days of arrival if such goods are non-conforming. Buyer shall not delay payment for goods pending inspection. If no such notice is given to Seller, or if Buyer has begun to alter the goods in any manner, the goods shall be deemed irrevocably accepted and Buyer waives any right to revoke such acceptance. Buyer shall provide Seller the reasonable opportunity to inspect all alleged non-conforming goods. If such goods are actually non-conforming, Seller's liability and Buyer's exclusive remedy are limited to, at Seller's election, credit for the non-conforming goods (up to the price allocable to the goods which are non-conforming) or the replacement of such goods properly returned to Seller. All goods returned to Seller must be returned in accordance with Seller's instructions; otherwise credit will not be granted for any goods not so returned.

B. THE FOREGOING RIGHTS AND REMEDIES DESCRIBED IN SUBSECTION A. ABOVE ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED BY BUYER IN LIEU OF: (i) ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND/OR ANY MANUFACTURER'S WARRANTY; AND (ii) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN CONTRACT OR TORT OR OTHERWISE, WHETHER OR NOT ARISING FROM SELLER'S NEGLIGENCE OR STRICT LIABILITY. THE REMEDIES OF THE BUYER SHALL BE LIMITED TO THOSE PROVIDED TO THE EXCLUSION OF ANY AND ALL OTHER REMEDIES, INCLUDING WITHOUT LIMITATION, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOST PROFITS. NO AGREEMENT VARYING OR EXTENDING THE FOREGOING WILL BE BINDING UPON SELLER UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED OFFICER OF THE SELLER.

C. Without limiting the generality of subsection B. above, if any goods to be sold to Buyer by Seller are assembled, processed or otherwise handled by Seller in substantial compliance with the Buyer's specifications as provided to Seller, then Seller will not be liable to the Buyer for the failure of such goods' performance, or for any of the Buyer's damages (including incidental and consequential damages and lost profits) arising from such failure, and the Buyer will indemnify and hold Seller harmless from any and all third party losses, costs (including court costs and attorney's fees), damages, lawsuits or other liabilities arising from such failure.

7. **LAWS/SAFETY STANDARDS.**

A. Seller will not provide Buyer with manuals for the safe operation and/or maintenance of the goods sold to Buyer under the Purchase Documents. As Seller may not know of the specific application of the goods by Buyer, Buyer acknowledges that it is Buyer's responsibility to provide proper safety devices and equipment for the intended application or use of the goods, so as to protect the operator and others from harm, and to comply with all federal, state and local government laws, rules and regulations, and all industry standards. All

operational and safety questions relating to the goods should be directed by Buyer to the applicable manufacturer of the goods.

B. Buyer is the party responsible under the terms of all federal, state, local and regional laws applicable to such goods including the federal Occupational Health and Safety Act, the Michigan Occupational Health and Safety Act and/or any other industrial safety laws applicable to the facility where the goods are installed, to ensure the goods meet such requirements (collectively, the "Acts"), and Seller hereby disclaims any liability for any violations of such Acts or other applicable regulation or law that may be imposed respecting the goods furnished under the Purchase Documents.

C. Buyer shall train, require and cause its employees to (i) comply with directions set forth in documented inspections of the goods and in maintenance, safety and operation instructions, manuals, drawings, safety notices and warnings and other instructions; (ii) use reasonable care and all safety equipment and applicable safety guards and safety systems in the set-up, adjustment, operation, maintenance and repair of the goods; (iii) not remove, or permit anyone to remove any safety equipment, safety feature or warning signs from the goods nor permanently remove or disable any guards or safety features; and (iv) assure that the goods are used in accordance with all Acts and other applicable standards.

8. **BUYER'S FINANCIAL STATUS.** Buyer represents to Seller that it is solvent and is paying all of its liabilities as they come due. Shipments of goods shall at all times be subject to approval of Seller's credit department and Seller may at any time decline to make any shipments, except upon receipt of payment or upon terms and conditions or security satisfactory to Seller. If, at any time, the Buyer becomes bankrupt, insolvent, or makes an assignment for the benefit of creditors, or if Seller otherwise reasonably deems itself insecure, the Seller may at its option stop shipping the goods by giving to Buyer notice of the same, and Seller shall thereupon be relieved of any further obligations to Buyer. In the event of such termination, in addition to payment for goods already delivered, Buyer shall reimburse Seller for its termination costs.

9. **EXCUSABLE DELAYS.** Buyer acknowledges that the delivery/completion dates of any goods provided Buyer are based on the assumption that there will be no delay due to causes beyond the reasonable control of Seller. Seller shall not be charged with any liability for any such delay, non-delivery or other non-performance.

10. **INDEMNITY.** Buyer shall indemnify, defend (using counsel acceptable to Seller) and hold harmless Seller and its officers, directors, employees, subcontractors and agents, and their respective successors and assigns, from any and all losses, costs (including court costs and attorney's fees), damages, lawsuits or other liability including, without limitation, incidental and consequential damages and lost profits, arising out of: (i) Buyer's performance or non-performance of its obligations to Seller hereunder; (ii) breach by Buyer of any representation or warranty made hereunder; (iii) claims involving or alleging improper or negligent design, maintenance, construction, reconstruction, repair, alteration or modification of any goods sold hereunder; (iv) claims involving or alleging breach of any implied warranty of merchantability or fitness for a particular purpose; and (v) claims alleging failure or negligence on the part of Seller to equip the goods sold hereunder with safety devices as required by federal, state or local laws, rules or regulations, or in accordance with industry standards. Buyer acknowledges that unless

otherwise specified in the Purchase Documents, all of the goods sold hereunder shall be used, reconditioned and/or recycled goods and are neither designed nor manufactured by Seller.

11. **CONFIDENTIALITY**. All information, including quotations, specifications, drawings, prints, schematics, and any other engineering, technical or pricing data or information submitted by Seller to Buyer in any Purchase Document, Change Order, invoice or any other document delivered to Buyer by Seller are the confidential and proprietary information of Seller; and Buyer and its employees, agents or other parties for whom Buyer is responsible may not disclose Seller's confidential and proprietary information to any third party, or use Seller's confidential and proprietary information for its own account or that of any third party, except in the performance of the Purchase Document.

12. **MISCELLANEOUS**. All of the terms and conditions contained herein shall be binding upon and inure to the benefit of the parties' respective heirs, successors, administrators, legal representatives and permitted assigns. Buyer has no right to assign its obligations in whole or in part without prior written consent of Seller. Buyer acknowledges and agrees that Seller may subcontract with third parties for the performance of some or all of Seller's obligations hereunder. Waiver by Seller of a breach by Buyer of any of the terms and conditions herein shall not constitute a waiver of any other breach of the same or any other term. All terms and provisions herein shall be interpreted in accordance with Michigan law. Buyer irrevocably consents to personal jurisdiction and venue in the Macomb County, Michigan Circuit Court (or the applicable District Court in Warren, Michigan), for purposes of resolving any disputes hereunder. No action, regardless of form, arising out of or in any way relating to any matter concerning the goods sold hereunder shall be brought by Buyer more than one (1) year after such cause of action has occurred. All rights and remedies of Seller shall be cumulative and none shall exclude any other rights or remedies available at law or in equity. Buyer shall pay any and all attorney's fees incurred by Seller to enforce the provisions of these terms and conditions of sale. If any provision of these terms and conditions of sale is determined to be unenforceable, the rest of these terms and conditions of sale shall remain valid and enforceable. In addition, if any provision of these terms and conditions of sale may be modified by a court of competent jurisdiction such that it may be enforced, then the provision shall be so modified and as modified shall be fully enforced. These terms and conditions of sale constitute the entire agreement between the parties with respect to its subject matter and no modification of these terms and conditions of sale shall be binding unless in writing signed by both parties.