

TERMS AND CONDITIONS

CONDITIONS OF SALE: No modifications of the Terms and Conditions as enumerated herein shall be effected by Seller's receipt or acknowledgement of a Purchase Order containing additional or different conditions, as acceptance of this order is governed solely and exclusively by the conditions as stated herein. Verbal orders will not be executed until written notification has been received by Shallco and properly acknowledged by Shallco. Exceptions may be made by Shallco.

PRICES: Shallco prices are subject to change or cancellation without prior notifications. Prices in effect at the time of shipment will be used unless otherwise agreed to in advance in writing by Shallco. Orders requiring certified test data in excess of commercial requirements are subject to a special charge.

CLERICAL ERRORS: Clerical errors are subject to correction by Shallco at any time.

TAXES: The prices stated do not include, unless specifically stated, any sales, use or similar taxes and if any taxes are payable in connection with this order they shall be for the account of the customer.

TERMS OF PAYMENT: Shallco standard terms of payment: Net 30 days.

TRANSPORTATION: Shipments are F.O.B. Smithfield, N.C.

DELIVERIES: Shallco will exercise every effort to meet the purchaser's requested delivery schedules. However, Shallco does not assume any liability for failure to deliver on schedule for any reason.

LOSS OR DAMAGE IN TRANSIT: No allowance will be made by Shallco for loss, damage, or destruction of units ordered after delivery to the carrier by Shallco in accordance with instructions from the customer. Any claims for losses, damage or destruction after such delivery shall be the responsibility of the purchaser.

WARRANTY: Shallco warrants its components and products against defects in the workmanship and materials of the items purchased under this order provided, however, that notice of such defect is received in writing by Shallco within 90 days from the date of delivery of the item under this order. Shallco's liability under this clause is restricted to replacing, repairing, or issuing credit, (at Shallco's option) for any returned unit and only under the following conditions:

- (1) Shallco must be promptly notified in writing as soon as possible after the defects have been noted by the customer, but not later than 90 days from the date of delivery.
- (2) The defective merchandise is to be returned to place of manufacture, shipping charges prepaid by the customer.
- (3) Out inspection of the returned units shall disclose to our satisfaction, that the units were defective in workmanship or materials at the time of delivery. No other warranties, expressed, implied, or statutory, as to MERCHANTABILITY, FITNESS, OR OTHERWISE are made by Shallco, and the remedy given in this clause titled Warranty shall be the exclusive remedy for any breach of warranty.

There are no implied warranties of merchantability or fitness, or other implied warranties, or representations for any of Shallco's products except the warranty specified herein. In no event shall Shallco be liable for any consequential, special, or other damages attributable to our product except as specified herein.

RETURNS AND ADJUSTMENTS: No unit may be returned unless authorized in advance and agreed to by Shallco and then only upon such conditions as Shallco may agree to. Buyer shall be responsible for the unit returned until such time as Shallco receives the same at its plant and for all charges for packing, inspection, shipping or transportation or insurance associated with returned materials. In the event that credit for returned materials is granted, it shall be at the prices in effect as of the date of the original shipment of the unit by Shallco. Claims for shortage or incorrect material must be made within five days after receipt of shipment.

TERMINATIONS AND HOLD ORDERS: Any order may be terminated by the purchaser only upon written notification to Shallco and only under the following conditions:

- (1) The purchaser agrees to accept delivery of and pay for at the appropriate current prices all of the units completely manufactured by Shallco through the work day on which the termination notice is received by Shallco.
- (2) The purchaser agrees to pay to Shallco all direct and indirect costs and expenses applicable to the portion of the order that is incomplete or which may be ready for shipment through the workday on which the termination notice is received by Shallco.
- (3) The purchaser acknowledges that "Hold Orders" and "Stop Work Orders" are properly considered to be terminated orders and are subject to the above conditions at Shallco's option.

CONSEQUENTIAL DAMAGE: Any liability of Shallco arising out of the operation or non-operation of the items to be furnished under this agreement shall be limited to a sum equal to the purchase price. In any event Shallco shall not be liable for any consequential or indirect damages of any type or nature.

GOVERNING LAW: The law of North Carolina shall govern all aspects of this contract, including without limitations its construction, performance and remedies for breach.

COMPLIANCE is certified under the Fair Labor Standards Act of 1938, as amended. Notwithstanding any clause in your order, Shallco will permit examination of records only (a) by the comptroller of the United States or his duly authorized representative per ASPR 7-104.15, and (b) pursuant to the requirements of Executive Order No. 10925.
SHALLCO, INCORPORATED