

STANDARD TERMS AND CONDITIONS OF SALE

1. CONTRACT

Unless otherwise stated, all sales transactions are expressly subjected to these terms and conditions. Modification or additions will be recognized only if accepted in writing by a principal officer of Company or his designated representative. Provision of Buyer's Purchase Order or other documents that add to or differ from these Terms and Conditions are EXPRESSLY rejected. No waiver of these Terms and Conditions or acceptance of others shall be construed from failure of Company to raise objections.

2. QUOTATIONS AND PUBLISHED PRICES

Quotations automatically expire thirty (30) calendar days from the date issued unless otherwise stated in the quotation and are subject to withdrawal by notice within that period. Company reserves the right to unilaterally extend such quotation up to 6 months from the date of issuance. Prices shown on the published price lists and other published literature issued by the Company are not unconditional offers to sell, and are subject to change without notice. The Company's prices for equipment, unless otherwise specified, do not include an allowance for installation and/or final on-site adjustment. Prices shall be subject to adjustment to those in effect at time of shipment.

3. TAXES

The Company's prices do not include any applicable sales, use, excise or similar taxes and the amount of any such tax which the Company may be required to pay or collect will be added to each invoice unless the Buyer has furnished the Company with a valid tax exemption certificate acceptable to the taxing authorities.

Where a Buyer fails to furnish the required documentation, the previously unpaid sales, use, excise, or similar tax will be billed to the Buyer.

If, upon subsequent sales, use, excise, or similar tax audit, an exemption certificate provided to the Company by Buyer is, through no fault of the Company, determined to be invalid, the Company will attempt to acquire a valid exemption certificate, notarized affidavit of exempt use or other necessary documentation from Buyer. If Buyer fails to timely furnish valid exemption certificate, notarized affidavit or other necessary documentation the previously unpaid sales, use or similar excise tax will be billed to Buyer.

4. TERMS OF PAYMENT

Except as otherwise provided herein, terms are cash net 30 days from date of invoice. Amounts past due are subject to a finance charge of 1.5% per month (or fraction thereof) or maximum contract rate permitted by law. If the Company deems that by reason of the financial condition if the Buyer or otherwise the continuance or production or shipment on the terms specified herein is not justified, the Company may require full or partial payment in advance.

On orders of \$10,000.00 or more and having delivery schedule 6 months or longer from date of order, the standard method of payment will be Progressive Deposits.

5. DELIVERY

Delivery dates indicated in the contract documents are approximate and are based on prompt receipt of all necessary information regarding the equipment covered by the contract. The Company will use reasonable efforts to meet indicated delivery dates, but cannot be held responsible for its failure to do so. In the event of any delay in delivery caused by the Buyer, the Company will store and handle all items ordered at the Buyer's risk and will invoice the Buyer for the unpaid portion of the contract price, plus storage, insurance and handling charges, on or after the date which the equipment is ready for delivery, payable in full within 30 days from the invoice date. Title to the equipment and risk of loss shall pass to Buyer upon delivery to a carrier.

6. SHIPPING CHARGES

Shipments are FOB point of original shipment. Freight will be prepaid and billed as a separate item on the equipment invoice on the basis of the charge listed by the Company applying to shipment from the point of manufacture to the destination.

7. PROOF OF DELIVERY/SHIPMENT

When requested by Buyer, the Company will supply "Proof of Delivery" or "Shipment". Company reserves the right to charge a reasonable fee for supplying this document.

8. CHANGES

Buyer may, with the express written consent of the Company, make changes in the specifications for equipment or work covered by the contract. In such event the contract price and delivery dates shall be equitably adjusted. The Company shall be entitled to payment for reasonable profit plus costs and expenses incurred by it for work and materials rendered unnecessary as a result of such changes and for work and materials required to effect said changes.

9. CANCELLATION

Undelivered parts of any order may be cancelled by the Buyer only with the written approval of the Company. If the Buyer makes an assignment for the benefit of creditors or in the event that the Company for any reason feels insecure about the Buyer's willingness or ability to perform, then Company shall have the unconditional right to cancel this sales transaction.

In the event of any cancellation of this order by either party, the Buyer shall pay to the Company the reasonable costs and expenses (including engineering expenses and all commitments to its suppliers and subcontractors) incurred by the Company prior to receipt of notice of such cancellations, plus the Company's usual rate of profit for similar work.

The minimum cancellation charge shall be 20% of the contract price plus round trip freight.

10. SECURITY INTEREST

Buyer agrees to pay for the equipment according to the Company's payment terms and does hereby grant to the Company a purchase money security interest in the equipment until such time as it is fully paid. Buyer will assist Company in taking the necessary action to perfect and protect Company's security interest. In the event of a default by Buyer, the Company shall be entitled to any of the rights and remedies provided by law.

11. DEFAULT

Upon default and placing of this instrument with an attorney for collection or repossession of equipment, Buyer agrees to reimburse attorney fees and court costs incurred by the Company in connection therewith.

12. WARRANTIES:

COMPANY EXPRESSLY WARRANTS THE EQUIPMENT MANUFACTURED BY IT AS SET FORTH HEREIN. COMPANY MAKES NO OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED (INCLUDING WITHOUT LIMITATION WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). IN ADDITION, THE FOLLOWING SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDIES OF BUYER FOR ANY BREACH BY COMPANY OF ITS WARRANTY HEREUNDER.

A. STANDARD CONTROL / STANDARD INDUSTRIAL

The Company warrants that the equipment covered by this warranty will be free from defects in workmanship and materials for a period of one year from date of installation.

Should any such defects be found and reported during the first 30 days after installation (installation occurs during the warranty period) the Company will, at its option, refund the purchase price or correct such defects, furnishing replacement parts and service free of charge to the Buyer. For the remainder of the warranty period, the Company will furnish necessary replacements parts and technicians service free of charge, provided the Buyer agrees to pay reasonable technician's travel time and expenses to and from the Authorized Company Service Location.

This warranty shall not apply to any equipment where the installation or servicing of such equipment is made by other than personnel authorized by the Company. Calibration of scales is not warranted beyond initial installation.

B. ENGINEERED SYSTEM

The Company warrants that for a period of one year from Start-up, the Engineered System covered by this warranty will perform in accordance with specifications if final adjustments and start-up operations are approved by qualified Company personnel. The Company does not warrant that the Engineered System covered by this warranty will perform in accordance with specifications to the extent that equipment forming a part of the Engineered System is not supplied by or approved for incorporation into the System by the Company. The Company will correct during the warranty period any deficiency in meeting specifications. If after reasonable effort the Company cannot correct said deficiencies, the Company will make an equitable price adjustment based on the performance actually provided, not to exceed the purchase price. The Company further warrants that the equipment, parts and components supplied by it and forming a part of the Engineered System covered by this warranty to be free from defects in material and workmanship for a period of one year from start-up. The Company's liability shall be solely limited to the supplying of replacement parts and materials. For purposes of this warranty, start-up will have been deemed to be completed when either the Engineered System is partially or completely put into use or when the Company has met the specifications, whichever is sooner. This warranty shall not apply to any equipment where the installation or servicing of such is made by other than personnel authorized by the Company. Calibration of scales is not warranted beyond initial installation.

C. SOFTWARE / LICENSE

The Company warrants that software will be free from errors in program logic, clerical program preparation and transcription and will execute accordingly when properly installed. The warranty period shall be the same as the warranty period for the Company equipment with which the software is supplied. If the software does not meet the above warranty, and if the Buyer promptly notifies the Company and provides the description of the error and complete information about the manner of its discovery, the Company shall thereupon correct any defect or error (at its option) (a) by modifying or making available to the Buyer instructions for modifying any erroneous program, or (b) by making available to the Company's plant, necessary corrected or replacement programs. Certain programs supplied by Company are copyrighted, and if so, are marked with the copyright notice. Buyer is granted license to make copies of such programs for use only with the system for which such programs were acquired. Other programs supplied by Company are trade secrets, and if so, are marked confidential. Buyer agrees to use its reasonable efforts to maintain such programs confidential and to not disclose such programs to third parties for a period

of five years after receipt unless such programs enter the public domain through no fault of Buyer. Buyer agrees to use those programs marked confidential only with the system for which they were acquired. The foregoing warranty shall not apply to defects resulting from:

1. Unauthorized modification.
2. Buyer-supplied software or interfacing.

D. EXPORT WARRANTY

The Company warrants equipment destined for export or sold for export to be free from defects in workmanship and material for a period of one year from date of installation. If the Buyer requests the performance of work on export equipment outside of the contiguous United States, the Buyer shall be required to pay for the travel time, living and travel expenses of any Company personnel required to perform such warranty work. Should any such defect be found within that period, parts will be furnished free of charge (F.O.B. factory) point of origin or final distribution center.

E. REPAIRED PRODUCTS WARRANTY

On repaired equipment the warranty shall be that so noted at time of repair as determined by type of repair required, however it shall only apply to parts repaired or replaced by the Company. No separate warranty shall apply to repaired equipment as a whole or to parts not repaired or replaced by the Company. If at such time of repair no warranty is noted, warranty will be assigned a 90 day period.

F. SPECIAL

The foregoing warranties do not apply to all equipment sold by the Company. In certain cases the warranty period is less than or more than one year or provides for a payment of money or replacement to the Buyer based on the age or extent of usage of the equipment in lieu of repair or replacement by the Company. In instances where other warranties apply, the warranty will be stated at time of sale.

G. NON-COMPANY PRODUCTS

Equipment sold but not manufactured by the Company will be warranted as to defects in material and workmanship consistent with the warranty policy of the original manufacturer of the equipment. Such warranties may be obtained from the Company sales office.

H. GENERAL

The foregoing warranties are further subject to the following general conditions:

1. If the Buyer requests the performance of warranty work provided for under the foregoing warranties during other than normal Company work periods, the Buyer shall be required to pay for all premium time.
2. These warranties shall not apply where the equipment has been subjected to accident, alteration, misuse, abuse, or failure on the part of the Buyer to ensure proper storage installation, operation and maintenance performed by authorized Company personnel.

13. INDEMNITY

The Company agrees to indemnify the Buyer and hold it harmless from and against any directions suffered and any liability to third parties whenever such loss or liability is directly due to bodily injury (including death) to any person or direct damage to any property occurring in the course of and caused by the negligent act or omission of the Company in the performance of any work on the premises of Buyer. This indemnity shall include attorneys' fees and settlements of claim or suit reasonable under the circumstances.

14. PATENT INFRINGEMENT

The Company shall defend any suit or proceeding brought against the Buyer so far as the same is based on a claim that any equipment of the Company's design, furnished hereunder or any part thereof, constitutes an infringement of any United States patents, if notified promptly in writing and given authority information and assistance (at the Company's expense) for the defense of the same and if such alleged infringement is not the result of a design or other special requirements specified by the Buyer or the result of the application or the use to which such equipment is put by the Buyer or others. The Company will pay all damages and costs awarded in such suit or proceeding against the Buyer provided that the Company shall have the sole and exclusive right to defend, settle or compromise any suit or proceedings and the Buyer takes no action which would materially detract from the Company's ability to conduct an effective defense, settlement or compromise. In cases where equipment is deemed in suite held to infringe any such patent and the use thereof enjoined, the Company shall at its expense either, at its option (a) obtain for the Buyer the right to continue using such equipment or (b) replace the same with non-infringing equipment, or (c) modify the same so that it becomes non-infringing or; (d) remove said equipment and refund the purchase price and the transportation and installation costs thereof. The foregoing states the entire liability of the Company to the Buyer for patent infringement.

15. REGULATORY LAWS AND/OR STANDARDS

The performance of the parties hereto is subject to the laws of the United States. The Company takes reasonable steps to keep its products in conformity with various nationally recognized standards and such regulations which may affect its products. However, the Company recognizes that its products are utilized in many regulated applications and that from time to time standards and regulations are in conflict with each other.

The Company makes no promise or representation that its product will conform to any federal, state or local laws, ordinances, regulations, codes or standards except as particularly specified and agreed upon for compliance in writing as a part of the contract between Buyer and the Company. The Company prices do not include the cost of any related inspections or permits or inspection fees.

16. DISCLAIMER OF DAMAGES

IN NO EVENT SHALL COMPANY BE LIABLE FOR ANY TYPE OF SPECIAL, CONSEQUENTIAL, INCIDENTAL OR PENAL DAMAGES, WHETHER SUCH DAMAGES ARISE OUT OF OR ARE A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, such damages shall include but not be limited to loss of profits or revenues, loss of use of the equipment or associated equipment, cost of substitute equipment, facilities down time costs, increased construction costs or claims of Buyer's customers or contractors for such damages. Buyer agrees that in the event of a transfer, assignment, or lease of the equipment sold hereunder that Buyer shall secure for the Company the protection afforded to it in this paragraph.

17. LIMITATION OF LIABILITY

The Company shall not be liable for any loss, claim, expense or damage caused by, contributed to, by or arising out of the acts or omissions of Buyer or third parties, whether negligent or otherwise. In no event shall the Company's liability for any cause of action whatsoever exceed the cost of the item giving rise to the claim, whether based in contract, warranty, indemnity, or tort (including negligence). Any suit arising hereunder must be commenced within one (1) year from the date in the cause of action accrues. Except as provided in Article 13, the Company shall not indemnify any party.

18. NO RESPONSIBILITY FOR GRATUITOUS INFORMATION OR ASSISTANCE

If Company provides Buyer with assistance or advice which concerns any parts, products, service supplied hereunder or any system or equipment in which any such part / product / service may be installed and which is not required pursuant hereto, the furnishing of such assistance or advice shall not subject Company to any liability, whether based in contract warranty, tort (including negligence) or otherwise.

19. INTERPRETATION

Should any term or provision contained in the contract contravene or be invalid under applicable law, the contract shall not fail by reason thereof but shall be construed in the same manner as if such term or provision had not appeared therein. Where the word "Company" is used it designates Integrated Industrial Systems, Inc. t/a Integrated Scale Systems.