

**TERMS AND CONDITIONS OF QUOTATION AND SALE**

The conditions stated below constitute a part of this Quotation and any contract resulting from it. Unless otherwise stated in writing, the following terms and conditions apply. No modifications or additions or any terms inconsistent with those stated herein contained on any document submitted to Seller shall binding on Seller unless accepted in writing by an authorized representative of PMI Industries, Inc.

1. Quotation Validity: This Quotation unless otherwise stated on the face hereof is valid for thirty days from the date of the Quotation.
2. Title: Unless otherwise stated prices are F.O.B. Factory (Cleveland, Ohio).
3. Terms: Net thirty days; accounts unpaid beyond 30 days may be charged a service charge of 1½% of the delinquent balance per month.
4. Tax: Any tax, duty, or surcharge applicable to the sale of goods covered by this Quotation shall not be the responsibility of Seller but is the exclusive responsibility of and shall be paid by the Purchaser unless a proper tax exemption certificate is furnished.
5. Minimum Order: A minimum charge of \$100.00 shall apply to all contracts placed with Seller.
6. Inspection: Unless otherwise stated, Seller's Standard Quality Assurance provisions shall apply to the contract derived from this Quotation. All source inspection or acceptance test programs, whether or not witnessed by Purchaser's representative, which require inspection tests beyond Seller's Standard Quality Assurance provisions shall be so stated and subject to a negotiated additional charge.
7. Audit: Access to books and records for the purpose of inspection and audit will be extended only to the Comptroller General or his duly authorized representative.
8. Shipment: Unless otherwise stated all quoted shipment dates indicate anticipated date of shipment from Seller's plant. Seller will make every effort to meet quoted shipment dates but Seller shall not be liable direct or indirect consequential damage or loss to Purchaser as a result of delay in shipment.
9. Insurance: Unless otherwise agreed, Seller will declare the full value for insurance purposes of the goods shipped to Purchaser. In the absence of a specified method, Seller will make or arrange shipment in the manner which in its sole discretion it deems best.
10. Shortages: Seller will not be responsible or liable for any shortages in shipments unless reported in writing by Purchaser within 10 (ten) days from receipt of shipment.
11. Warranty and Limitations of Liability: Seller warrants that the goods supplied by it have been manufactured in accordance with its standard manufacturing practices and conforms to the descriptions set forth in Seller's Sales Order. Seller further warrants that the goods supplied by it are fit for the ordinary purpose or purposes for which such goods are manufactured when installed in accordance with Seller's recommended installation procedures. Except as stated herein, SELLER MAKES NO EXPRESS WARRANTY WITH RESPECT TO GOODS SUPPLIED BY IT AND SELLER MAKES NO WARRANTY THAT THE GOODS ARE FIT FOR ANY PARTICULAR PURPOSE.

When the use of materials not manufactured by Seller is suggested as acceptable by Seller's General Recommendations, application procedures, or otherwise, Seller MAKES NO EXPRESS WARRANTY WITH RESPECT TO SUCH MATERIALS NOR THAT SUCH MATERIALS ARE MERCHANTABLE OR FIT FOR ANY PARTICULAR PURPOSE. Seller will, as its sole option, credit, repair, or replace any goods supplied by it which are defective in workmanship or material if Seller actually receives notice from Purchaser of the alleged defect within one hundred eighty (180) days from the date of shipment and any claim not made within this period shall be conclusively be deemed waived by Purchaser. Credit, repair or replacement will be preconditioned upon examination of the goods by Seller and if requested by Seller, return of the goods to Seller at its direction and expense. No goods are to be returned to Seller without its prior written consent. Seller shall not be liable for any expense incurred by Purchaser in order to remedy any defect in its goods. SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL OR CONTINGENT DAMAGE OR EXPENSE ARISING DIRECTLY OR INDIRECTLY FROM ANY DEFECT IN ITS GOODS OR FROM THE USE OF ANY DEFECTIVE GOODS. THE REMEDIES SET FORTH HEREIN SHALL CONSTITUTE THE EXCLUSIVE REMEDIES AVAILABLE TO BUYER AND ARE IN LIEU OF ALL OTHER REMEDIES.

12. Cancellation: Contracts may be cancelled only upon the condition that the Purchaser assumes immediate liability to Seller for (1) All work completed at the appropriate unit price; (2) work in process on the basis of the percentage of completion thereof at the appropriate unit price; (3) raw materials; (4) unamortized tooling; (5) engineering and other cancellation charges on the basis of cost to the Seller plus handling and overhead charges. All cancellation charges shall be determined and payment at the time of the cancellation.
13. Deferred Shipments: All price reductions quoted are based on Purchaser taking shipment within a one (1) year period and with no more than six (6) shipments. All delays requested by Purchaser in scheduled shipments must be accepted by Seller prior to implementation.
14. Documentation and Service Charges: All non-recurring or special engineering, quality assurance, testing, and manufacturing service charges will be invoiced at the time of first shipment. Changes and/or corrections within the scope of the contract will be made at no cost to the Purchaser.

**SPECIAL PROVISIONS**

In addition to the above specified terms and conditions, the following special provisions apply to all Sales Contracts for cable assembly and system assembly services.

1. All Quotations provided on the basis of Purchaser-furnished cable or devices are contingent upon the cable and devices successfully passing Seller's incoming inspection criteria.
2. A reasonable allowance for wear and tear on Purchaser-furnished equipment shall be made.
3. Unless otherwise specified in writing and agreed by Seller, all molding and potting will be preformed using polyurethane compounds utilizing military commercially approved techniques.
4. Unless otherwise specified, Seller's standard Quality Assurance Provisions for cable assemblies and systems shall apply.