



## TERMS AND CONDITIONS OF SALE

1. **PRICES:** Prices apply only to the specific quantities stated on the order and do not include any taxes, transportation charges or other special charge not specified on the order.
2. **TERMS, COLLECTION EXPENSES AND ATTORNEY'S FEES:** Standard payment terms are stated on the quote and/or order confirmation. Buyer shall also pay delinquency service carrying charges of 2% per month on amounts not paid when due. Rate amounts to actual interest of 24% per year. Buyer shall pay all reasonable expenses of collection, enforcement, or protection of Eagle Magnetic's rights and remedies under this Sales Order and any invoice(s) therefor, all without relief from valuation and appraisal laws. Expenses include, but are not limited to, reasonable attorney's fees, court costs and other legal expenses. To the extent permitted by the U.S. Bankruptcy Code, Buyer agrees to pay the reasonable attorney's fees that Eagle Magnetic incurs in any bankruptcy proceedings, or in any insolvency proceedings.
3. **DELIVERY DATES AND SHIPMENT:** If any conditions arise which prevent compliance with delivery schedules, Eagle Magnetic shall not be liable for damages, general, consequential, or otherwise, or for failure to give notice of any delay. All shipments will be made F.O.B. Eagle Magnetic's place of business unless otherwise specified. In the absence of specific instructions, Eagle Magnetic will select the carrier. Risk of loss shall pass to Buyer upon delivery thereof by Eagle Magnetic to the carrier or delivery service. Products held for Buyer or stored for Buyer shall be at the risk and expense of Buyer. If shipments are postponed more than 30 days at the request of Buyer; invoices therefor shall become due 30 days after notice that products are ready for shipment. Claims against Eagle Magnetic for shortages must be made within 10 days after arrival of shipment. Quantities shipped maybe be  $\pm$  5% of total order.
4. **PRODUCT WARRANTIES AND EXCLUSIONS.** Eagle Magnetic warrants that at the time of shipment the products manufactured by Eagle Magnetic and sold hereunder will be free from defects in material and workmanship, and will conform to the specifications furnished by or approved by Eagle Magnetic. If any defect within this warrant appears, Eagle Magnetic shall furnish a replacement for, but not install, any product which within 90 days from the date of shipment shall, upon test and examination by Eagle Magnetic, prove defective within the above warranty. No product will be accepted for return or replacement without the written authorization of Eagle Magnetic. Upon such authorization, and in accordance with instructions by Eagle Magnetic, the product will be returned shipping charges collect by Buyer. Replacements made under this warranty will be shipped collect. Use of replacement parts not made or approved by Eagle Magnetic shall void all warranties made by Eagle Magnetic.

The foregoing warranty is in lieu of and excludes all other EXPRESSED OR IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS, OR OTHERWISE. Components manufactured by any supplier other than Eagle Magnetic shall bear only the warranty made by the manufacturer of that product, and Eagle Magnetic assumes no responsibility for the performance or reliability of the unit as a whole. Eagle Magnetic shall not be liable for any special or consequential damages, or for loss, damages, or expense directly or indirectly arising from the use of the products or any inability to use them either separately or in combination with any other equipment or material or from another cause. No warranty shall extend to any product which has been subject to misuse, neglect, accident, improper installation or to use in violation of instructions furnished by Eagle Magnetic, nor shall any warranty extend or apply to any unit which has been repaired or altered at any place other than at Eagle Magnetic's factory by persons not expressly approved by Eagle Magnetic.

5. **TOOLS, ETC.:** Unless otherwise expressly provided, Eagle Magnetic shall retain title to and possession of any models, patterns, dies, molds, jigs, fixtures and tools made for or obtained for the furnishing of this order.
6. **CANCELLATIONS:** Eagle Magnetic's acceptance of order cancellation or order reduction requests is conditioned upon receiving Buyer's written agreement to assume termination costs, charges and pay any losses incurred by Eagle Magnetic because of cancellation.
7. **PATENT INDEMNITIES:** If the items delivered hereunder are manufactured pursuant to detailed designs furnished by Buyer to Eagle Magnetic, then Buyer shall indemnify and hold harmless Eagle Magnetic from all legal expenses which may be incurred as well as all damages and costs which may finally be assessed against Eagle Magnetic in any action for infringement of any United States Letters Patent by such items delivered hereunder. Eagle Magnetic agrees promptly to inform Buyer of any claim for liability made against Eagle Magnetic with respect to such items and Eagle Magnetic agrees to cooperate with Buyer in every way reasonably available to facilitate the defense against any such claim.
8. **FAIR LABOR STANDARDS ACT.** Eagle Magnetic certifies that products furnished hereunder have been or will be produced in compliance with the Fair Labor Standards Act, as amended, and regulations and order of the United States Department of Labor issued thereunder. Eagle Magnetic agrees that this statement may be considered as the written assurance contemplated by said Act.
9. **SECURITY INTEREST.** Prior to the full payment of the purchase price provided for herein, Buyer grants to Eagle Magnetic a security interest in all products subject to the Agreement. Buyer authorized Eagle Magnetic to execute and file on its behalf a financing statement or statements in those public offices deemed necessary by Eagle Magnetic to perfect such security interest in such goods.
10. **EVENTS OF DEFAULT.** In the event Buyer fails to pay the indebtedness hereby secured when due or in the event the Buyer becomes insolvent or unable to pay debts as they mature or makes an assignment for the benefit of creditors or any proceeding is instituted by or against the Buyer alleging that the Buyer is insolvent or unable to pay debts as they mature or Eagle Magnetic deems itself insecure for any reason whatsoever, the indebtedness of the Buyer shall become due and payable without notice of demand and Eagle Magnetic may exercise from time to time any rights and remedies of a secured party under the Uniform Commercial Code as the same may be in effect from time to time in the State of Indiana. Any litigation filed due to breach of the terms of the transaction by either party shall be filed in County where Eagle Magnetic plant is located and Buyer or its successor hereby consents to said jurisdiction for all purposes.
11. **GOVERNING LAWS AND SITUS OF TRANSACTION.** The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Indiana and the place of final consummation of the sale shall be Indianapolis, Indiana unless otherwise stated in writing and signed by an authorized representative of Eagle Magnetic.
12. All Federal, State or Municipal taxes (other than income taxes) now or hereafter imposed with respect to the manufacture, sale or use of merchandise covered hereby shall be for the account of Buyer and if paid or required to be paid by Seller, the amount thereof will be added to and become a part of the price payable by Buyer. Prices are firm for thirty days after date of quotation.