

NEW LONDON ENGINEERING
DIVISION OF BONNTECH INTERNATIONAL, Inc.
STANDARD TERMS AND CONDITIONS OF SALE

The following standard terms and conditions of sale, apply to all purchases from Seller, to give both the Seller and the Buyer a clear understanding of the sale transaction for their mutual benefit.

(REQUIRED READING FOR ALL ACCOUNTS)

TERMS AND CONDITIONS OF SALE BETWEEN SELLER (NEW LONDON ENGINEERING) AND BUYER

1. TERMS OF PAYMENT:

Firms rated by Dun and Bradstreet with a "Composite Credit Appraisal" of "good" or "high" and having adequate financial strength will be placed on open account terms. Open Account terms are 1% 10 days, 30 days, 30 days net on unit orders and 30 days net on parts orders. Any unauthorized discount taken after 10 days will be re-invoiced. Firms not rated by Dun and Bradstreet will be shipped C.O.D. until Seller has been provided with appropriate credit references and information. If these meet above mentioned financial requirements, the firms will be placed on open account terms. Orders are invoiced from the day of shipment. Terms begin from the date of the invoice. No exceptions. The buyer will be required to pay a late charge of one and one half percent (1 ½%) per month on any balance remaining open 30 days after the date on which payment is due to the Seller. The Seller reserves the right to change terms, prices, and specifications without notice.

2. DOWN PAYMENTS:

In the event of large dollar volume orders, long lead times, anticipated extended shipment time, or other causes, the Seller reserves the right to require a down payment and/or progress payments. Orders with these types of requirements will not be processed into engineering or fabrication until the down payment or first progress payment, as meets contract conditions, is received.

3. NEW ACCOUNTS:

If Buyer is in doubt as to its rating with the mercantile agencies, please submit three credit references and the name of the Buyers bank. Provide all names, addresses, and phone numbers.

4. C.O.D. ORDERS:

Please include a deposit of 50% with orders for units to be shipped C.O.D.; shipment will then go forward C.O.D. against bill of lading for the balance. Parts orders for more than \$500.00 will require a 50% deposit.

5. EXPORT ORDERS:

Prices for export crating can be obtained by contacting the Sales Department for quotations and placing orders.

6. PRICE CHANGES:

The prices listed may be changed by Seller without notice in order to reflect Seller's prices at the time of shipment and increase in transportation, labor, or other costs. If a delivered price has been quoted, any charges at destination for spotting, switching, handling, storage, and other accessorial services and demurrage shall be borne by Buyer. Seller reserves the right to correct any obvious errors or mistakes in specifications or prices.

7. WHEN ORDERING:

Please specify name of item, catalog part number, as well as other information, when this is applicable to insure prompt handling of the order.

8. CHANGE ORDERS:

Buyer will receive notice from Seller of price increases to original estimates resulting from changes or additions to the original order, requested by Buyer that require additional components, materials, fabrication or engineering time. Buyer shall sign and submit to Seller written change order approving the changes or additions and price increases associated with Seller's requested changes or additions to orders before these changes or additions will be placed in engineering or fabrication. Such price increases will be submitted by Seller to Buyer as either fixed price increases or on a time and material basis, at Seller's current applicable rates, depending on the nature of the changes or additions requested by Buyer.

9. MINIMUM BILLING:

\$50.00 Net. Exclusive of transportation charges.

10. DELIVERIES:

Any delivery schedule indicated is based on the Seller's present estimate of the time required to ship after receipt of Buyer's order and is contingent upon Buyer supplying all required technical information to the Seller when needed. In the event of any delay in Seller's performance due in whole or in part to any cause is beyond Seller's reasonable control. Seller shall have such additional time for its performance as may be reasonably necessary under the circumstances. Deliveries are normally quoted ARO. (After Receipt of Order), which means when the written purchase order is received by the Seller, or AROAD. (After the Receipt of Approval Drawings), which means signed approval drawings with no changes are received by the Seller. All orders are scheduled during a particular week. The Seller will not be required to ship on a particular day. Seller's responsibility ceases when delivery is made to the transportation company. Claims for loss or damage in transit must be handled by the Buyer with carrier.

11. EXTRA MANUALS:

Seller will furnish one combined safety, installation, operation, maintenance and parts manual. Should extra manuals be required above the one manual supplied with each unit, a price of \$10.00 will be charged for each extra manual.

12. SUSPENSION OF PERFORMANCE:

If in Seller's judgement reasonable doubt exists as to Buyer's financial responsibility, or if Buyer is past due in payment of any amount owing Seller, Seller reserves the right, without liability and without prejudice to any other remedies, to suspend performance, decline to ship, or stop any material in transit, until Seller receives payment of all amounts owing or not due, or adequate assurance of such payment.

13. SHIPMENT:

Shipment may be by carrier or other means selected by the Seller. Title to any goods priced at shipping shall pass to Buyer upon delivery at such shipping point. All units are shipped knocked-down. If shipment is delayed by Buyer, date of readiness for shipment shall be deemed to be date of shipment for payment purposes. If manufacture is delayed by Buyer, a payment shall be based on purchase price and

percentage of completion, balance payment in accordance with the terms as stated. Equipment held for the Buyer shall be at the risk and expense of Buyer.

14. LIMITED WARRANTIES:

Seller's sole warranty to Buyer is that the equipment manufactured by Seller will meet the Buyer's approved design and specifications. Buyer is exclusively responsible to review and approve the design and specifications of the equipment and parts purchased, and Buyer shall satisfy itself that the design will meet all Buyer's operational requirements prior to commencement of manufacturing by Seller. If during the first twelve months (or 2,000 hours, whichever comes first) of operation after final shipment, the Buyer establishes to the Seller's satisfaction that any part or parts manufactured by the Seller did not meet design/specifications when shipped, the Seller will at its expense, deliver (but not install) replacement parts. Buyer must contact Seller within the first twelve months after delivery to user to allow any warranty coverage to be applied. Seller's liability under this warranty is limited to furnishing of such replacement parts and Seller will make no allowance for corrective work done by Seller unless Seller agrees thereto in writing. Damage or deterioration due to extraordinary or ordinary wear and tear (including, but not in limitation, use of said equipment to handle products of sizes, weights, and shapes or at speeds, uses, or methods which differ from information or specifications originally provided by Buyer), chemical action, wear caused by the presence of abrasive materials, excessive moisture, or by improper maintenance or lubrication, or by improper storage or handling shall not constitute defects and are not subject to any Seller warranty or remedy. Seller has made no representations, warranties, or guarantees, expressed or implied, not expressly set forth in this paragraph. Seller shall not be liable hereunder for any incidental, consequential, punitive, or indirect damages, including but not in limitation to, damages which may arise from loss of anticipated profits or production, lost profits, increased production costs, increased labor costs, delay, third party claims, or from increased cost of operation, administration costs, or spoilage of material. The components used in the manufacture of said equipment which may be manufactured by others will carry such manufacturer's customary warranty, which Seller will obtain for Buyer's benefit upon request, to the extent such warranties are assignable. NOTE: To protect warranties on any conveyor components (I.E. gearbox, motor, bearings, belt, etc.) call the Seller's home office for authorization before disassembling or replacing. Failure to do so will immediately void all warranties. Warranties do not apply to any products or equipment not paid for in full. Warranties hereunder may not be assigned or transferred by Buyer without the express written authorization by Seller. Seller shall not be liable to Buyer, under any circumstances or grounds, for more than the price paid for the equipment sold by Buyer to Seller.

15. SAFETY DIRECTIONS:

Seller makes no warranty whatsoever that the equipment and installation of said equipment when placed in operation and use by Buyer will comply with pertinent national, state and local health and safety laws, including but not in limitation, the Federal Occupational Safety and Health Act damages, penalties, or fines arising from non-compliance; provided however, that Seller shall cooperate with Buyer in the design, manufacture, or purchase of safety features or devices which Buyer deems to be necessary under OSHA or any other statute, ordinance, or governmental regulation, the price at which any such further equipment or service shall be furnished by Seller and shall be at Seller's standard prices then in effect, or as agreed upon between Seller and Buyer.

Unit applications, locations, the proximity of any and all person to the equipment or any moving parts or material, and customer specifications determine the type, quantity, and/or placement of electrical safety or other safety controls required. Whether these controls are supplied by NEW LONDON ENGINEERING or another supplier, all OSHA safety and health standards, the National Electrical Code and local codes must be followed.

16. TOLERANCES AND VARIATIONS:

All goods shall be subject to tolerances and variations consistent with usual trade practices regarding dimension, straightness, section, composition and mechanical properties, and normal variations in surface and internal conditions and quality and shall also be subject to deviations from tolerances and variations consistent with practical testing and inspection methods.

17. RETURNS:

In the event a failure should occur in any of the parts of the machine during the warranty period the following procedure must be followed to return and receive replacement parts and/or receive permission for on-site repairs and/or repair charges. A minimum 15% handling charge will be made on all returned goods.

CONTACT NEW LONDON ENGINEERING IMMEDIATELY AS TO THE NATURE OF THE PROBLEM.

A) PARTS

- 1) At this time replacement parts will be sent prepaid. These parts will be invoiced for the normal selling price.
 - 2) In a few days you will receive a Returned Goods Authorization slip which will be your authorization to return the problem parts to NLE PREPAID. (The Returned Goods slip must accompany the problem parts or they will be refused.)
 - 3) When the problem parts are received in NLE's plant, our claims department and/or the manufacturer of the components will determine if the parts are covered under warranty. If the parts are determined to be defective NLE will issue proper credit for them.
- IF THE PARTS ARE DETERMINED NOT TO BE COVERED BY WARRANTY, YOU WILL BE REQUIRED TO PAY THE FULL INVOICE PRICE.

B) REPAIRS ON REPAIR CHARGES (ON SITE)

- 1) An estimate of the cost of repairs, in hours, materials, and dollars must be given in writing to Seller along with an accurate description of the problem.
- 2) The Seller reserves the right to grant permission for repairs, or to arrange to have NLE employees or agents repair the equipment on-site, or to request the return shipment to the unit(s).
- 3) The Seller will not accept any back-charges or accept any returned parts or units made or shipped, unauthorized by the Seller.

SELLER ALSO RESERVES THE RIGHT TO NOT ACCEPT THE RETURN OF ANY GOODS WHICH IT DEEMS TO BE RELATED TO GOOD SAFETY PRACTICES.

18. COPYRIGHT:

No reproduction either in whole or in part may be made of the Seller's catalog, drawings, sketches, etc., without written permission from NLE's Sales department.

19. BACK ORDERS:

Seller will attempt to ship all orders complete; however, in the event of back orders, the orders will be shipped with freight charges, collect or prepaid, at Sellers option only.

20. CLAIMS:

Claims for shipping shortages concealed or otherwise, will not be allowed by Seller, unless reported within 30 days after shipment of merchandise. Shipments travel at Buyer's risk and all damaged freight claims will be the responsibility of the Buyer.

21. PRODUCT CHANGE:

Products of modular design with standardized components as represented in Seller's catalog has been one of the main features of its equipment over the years. However, Seller reserves the right to make changes without notice. In the interest of product improvement, delivery or the application of new materials.

22. TOOLS, DIES AND FIXTURES:

Unless otherwise expressly provided herein, any tools, dies or fixtures which may be developed for Seller in the production of the goods covered hereby shall be owned by Seller, as Seller may elect, even though the Buyer is charged in whole or in part for the cost of such tools, dies and fixtures.

23. PATENT INFRINGEMENT:

If any of the goods are to be furnished to Buyer's specification: Buyer agrees to indemnify Seller and Seller's successors and assigns, against all liabilities and expenses resulting from any claim of infringement of any patent in connection with the production of such goods. NOTE: Unless requested and agreed upon in writing by Buyer and Seller before the start of engineering and/or manufacturing (concept drawings or sequences put forth during original proposal or quote will constitute the start of engineering) the Seller will not be held to any secrecy or exclusivity clauses by the Buyer, and Seller shall retain all patent rights for any equipment designed or manufactured by Seller.

24. SPECIAL DRAWINGS OR DATE REQUIREMENTS:

If a customer should require one or more special drawings larger or different than the standard 8 ½ x 11 line drawing in our catalog, or as shown in any other paper or electronic media, Seller will have the option to charge for the master drawing and/or copies requested, and Buyer shall sign and submit a written change order to Seller with the description and price for such additional drawings. Consult the Seller for prices on any special drawings or date requirements, or drawings on paper or any electronic media such as 3 ½ disks. Sepias and/or other original drawings are not available.

25. CANCELLATION:

An order may be cancelled or modified only by written agreement between the parties. Buyer insistence upon canceling or suspending fabrication or shipment or Buyer's failure to furnish specifications when required, may be treated by Seller as a breach of contract by Buyer, and Seller may cancel any unshipped balance without prejudice to any other remedies Seller may have. Cancellation charges can be obtained from the sales department.

26. TAXES:

All applicable federal, state, or local sales, use, occupational, or excise taxes are the responsibility of the buyer and shall be in addition to the price or prices states unless otherwise specifically stated. Seller shall have the right to invoice separately any such tax as may be imposed at a later time. Applicable tax exemption certificates must accompany any order to which it applies.

27. MODIFICATIONS OR ALTERATIONS TO EQUIPMENT:

Modifications or alterations to the equipment without express written consent of the Seller-Manufacturer is forbidden. Failure to obtain consent in writing relieves Seller-Manufacturer from any and all liability for said product.

28. EQUIPMENT OPERATION:

Buyer agrees to require its employees to read and be familiar with the safety instructions and the operation and maintenance portion of the manual before operating this equipment. Buyer agrees to completely train and require its employees to use all safety devices and guards on the equipment and to use safe operating procedures. Buyer agrees to not remove or modify any such equipment switch, device, guard, or warning sign or allow it to fall into disrepair. If Buyer, or its employees, fails to strictly observe all these obligations, Buyer agrees to indemnify and save Seller harmless from any liability or obligation incurred by the Seller to persons injured directly or indirectly by the operation of equipment.

29. REALES, TRANSFER, OR LEASE OF EQUIPMENT TO OTHERS:

Buyer agrees to the continuing obligation to notify Seller of the resale, transfer, or lease of the equipment to third parties, stating the name and address of the new owner or transferee and the location of the equipment.

30. REPORTING PERSONAL INJURIES OR PROPERTY DAMAGE:

The Buyer or users agrees to notify Seller within 30 days of any accident or occurrence involving Sellers machines or equipment resulting in personal injury or property damage, and shall cooperate fully with Seller in investigation and determining the cause of such accident or occurrence. In the event that the Buyer or user fails to give notice to Seller and so cooperates, the Buyer or user agrees to assignability and saves Seller harmless from all loss or damage arising from such accident or occurrence.

31. ASSIGNABILITY:

Any contract for sale and purchase of machinery and equipment cannot be assigned except with written consent of Seller.

32. SUCCESSOR OWNERS AND USERS:

The terms and conditions hereof are binding on successor owners and users, who take by purchase, assignment, lease, or otherwise, the right to own, use or operate the equipment sold to the original buyer, and said terms and conditions shall transfer with the equipment itself as an integral obligation of any successor to the original buyer. The successor owner and used obligations and liabilities stated herein shall also apply if the original buyer was a dealer and purchased the equipment from the Seller for the purposes of resale and transfer to third parties.

33. INSTALLATION AND ERECTION:

Installation and erection of the equipment or supervision thereof by Seller, if specified or requested by Buyer, shall be governed by Sellers Standard Conditions of Erection and Installation and/or specifications contained in the written order.

34. ENTIRE AGREEMENT:

These Terms and Conditions of Sale constitute the entire agreement between the parties concerning any machinery or equipment sold and purchased. It shall not be modified or canceled except by mutual agreement in writing signed by all parties.

35. APPLICABLE LAW:

The laws of the State of Wisconsin shall govern and control the right, duties, remedies and obligations of Seller, Buyer, successors, users, and owner and Wisconsin law shall be used to interpret and construe all of the terms and conditions hereof. Any disputes hereunder that cannot be resolved by mutual agreement of, or non-binding mediation between, Buyer and Seller shall be subject to the exclusive jurisdiction of the Circuit Court for Outagamie County and Wisconsin Appellate Courts thereafter.

36. NON-BINDING MEDIATION:

In the event the Buyer and Seller are unable to resolve any disputes on their own, as a pre-requisite to either party starting legal action in the Circuit Court System for Outagamie County, Buyer and Seller shall participate in non-binding mediation using a retired Circuit Court Judge as mediator. The mediation session shall not exceed four hours unless mutually agreed by the parties to continue for a longer time period. The mediation results will be binding on the parties only if the parties agree to a final mediation result and sign an agreement to that affect. The mediation shall take place in Outagamie County, Wisconsin. Lawyers for the parties, and the mediator, shall participate in person. The parties are strongly encouraged to participate in person but may participate by conference call if personal presence is not practical. If the parties with their attorney's assistance cannot mutually agree on a mediator, they agree that the mediator shall be appointed by any Outagamie County Circuit Court Judge. The parties agree to split the mediator's cost equally. Mediation shall take place within 30 days of request by either party to do so or soon thereafter as the selected mediator can be available.

37. REMEDIES FOR NON-PAYMENT:

In the event of non-payment by Seller to Buyer when due, Seller shall further be entitled to collect from Buyer all costs of collection including reasonable attorney's fees.