



STANDARD CONDITIONS OF SALE

1. PNEU-CON, DIVISION OF PCI, (henceforth referred to as PCI) guarantees that its products are free from defects in materials and workmanship, and that if, within one year from date of shipment thereof, any guaranteed products should fail for the foregoing reasons, PCI will replace or repair such product free of charge under conditions described herein.

PCI does not guarantee the performance of any product except as may be expressly stated to the contrary in the applicable quotation or other documents of which these conditions are a part.

Guarantees of products not manufactured by PCI, including purchased components, shall be limited to the guarantees and warranties of the respective manufacturers.

THE WARRANTIES, OBLIGATIONS AND LIABILITIES OF PCI SET FORTH HEREIN ARE EXCLUSIVE AND IN SUBSTITUTION FOR ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF PCI, EXPRESSED OR IMPLIED, INCLUDING THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY NON-CONFORMANCE OR DEFECT IN PRODUCT. IN NO EVENT SHALL PCI BE LIABLE TO BUYER OR ITS CUSTOMERS FOR LOSS OF USE, REVENUE OR PROFIT, OR FOR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THE TRANSACTIONS HEREIN.

2. ALL CLAIMS under the guarantee above must be made promptly in writing to PCI. Defective material must either be returned to PCI, freight prepaid, or made available for inspection at customer's location within thirty (30) days of written claim.

3. RETURNS - Before returning any material, CUSTOMER will request a Returned Material Authorization (RMA) number from PCI and this number must be used to identify the returned material and all associated documents. ALL RETURNED MATERIAL MUST BE SHIPPED PRE-PAID.

4. Any replacement parts will be shipped freight collect. Shipment of replacements prior to receipt and inspection of presumed defective parts does not waive PCI's rights. The decisions to repair, replace, or issue credit for defective material rests solely with PCI.

5. PRICES - All prices are F.O.B. PCI dock, Ontario, California, or point of manufacture. Prices do not include sales, use, excise, or similar taxes, which shall be paid by the PURCHASER or in lieu thereof, the PURCHASER shall provide PCI with a certificate of tax exemption acceptable to the taxing authorities.

6. ORDERS - Are binding and valid, all orders must be accepted in writing by the COMPANY at its principal office in Ontario, California. PCI reserves the right to refuse any order prior to its written acceptance.

7. DELIVERY - Delivery dates refer to the dates when it is estimated that the equipment will be ready for shipment from the place of manufacture and are based on prompt receipt by the seller of the order and of information without interruption. It is understood and agreed that shipping dates are approximate only and while PCI will use all reasonable diligence to meet them, it does not guarantee any shipping date.

8. DELAYS - If shipment is delayed at PURCHASER'S request, payments due upon and after shipment are due as though shipment has been made at the time CUSTOMER was notified that shipment was ready.

If shipment is delayed more than seven (7) days at CUSTOMER'S request, material may be stored at PCI premises or a public warehouse; and CUSTOMER agrees to pay all reasonable storage and removal charges related to such storage.

9. PAYMENT TERMS - Unless otherwise specified all payments are null and void, and shall be deemed deleted from this agreement, and all remaining terms of the agreement shall remain in full force and effect, due within thirty (30) days of the invoice date. Invoices not paid within this time period are subject to an interest charge of one-and-one-half percent (1-½%) per month (18% Annually) on the unpaid balance. BUYER agrees to pay to SELLER all costs and reasonable attorney fees for collection of delinquent accounts.

10. ENGINEERING CHANGES - PCI reserves the right to make changes in designs and/or construction in its products at any time without incurring any obligation on units previously delivered to modify such units to include subsequent changes.

11. TERMINATION - Upon written notice to PCI PURCHASER may terminate the contract of which these conditions are a part. For standard products the PURCHASER shall incur a cancellation fee of twenty percent (20%) of the selling price of such equipment.

For special products not part of PCI's standard product line, PCI shall cease work and deliver to PURCHASER all completed or partially completed equipment and work in process. PURCHASER shall pay PCI the contract price for all completed equipment, plus all expenses borne by, or on behalf of, PCI in connection with partially completed work including direct factory and engineering costs, cancellation charges to PCI on account of any commitments made under the contract, and an additional 10% of all charges to cover overhead.

12. PURCHASER - will use and shall require its employees to use all safety device and guards on the shipment and maintain the same in proper working order. PURCHASER shall use and require its employees to use safe operating procedures in operating the equipment. If PURCHASER fails to observe the obligations in this paragraph, PURCHASER agrees to indemnify and save PCI harmless from any liability or obligation incurred by PCI to persons injured directly or indirectly in connection with the operation of the equipment. PURCHASER further agrees to notify PCI promptly, and in any event within thirty (30) days, of any personal injury or damage to property and to cooperate fully with PCI in investigating and determining the causes of such accident or malfunction. In the event that PURCHASER fails to give such notice to PCI or to cooperate with PCI, PURCHASER agrees to indemnify and save PCI harmless from any claims arising from such accident or malfunction.

13. CONTRACTS INVOLVING FIELD ERECTION

A) PURCHASER'S cancellation of this contract during or after erection of equipment (associated with this contract) performed by field subcontractors is subject to payment for all actual costs; including materials ordered, subcontracts issued, materials delivered and any other cost reasonably incurred as a result of the cancellation, plus the value of the work completed based on the percentage of completion of the value of erection as determined from the breakdown on the contract value established for billing purposes plus ten percent (10%) of the contract price.

B) Prior to field mobilization for erection, Purchaser may be able to delay commencement of erection for a period up to 12 months provided that a mutually acceptable adjustment to the contract price is negotiated, including overhead and profit thereon, as a result of said delay. In addition, VENDOR shall be entitled to an extension of the contract time equal to the extent of the delay or any consequence thereof.

C) If Prior to field mobilization for erection, PURCHASER delays the commencement of erection beyond 12 months, then VENDOR has the option of canceling the contract and being reimbursed pursuant to Paragraph A above. If VENDOR does not exercise its' right to cancel then the parties will negotiate an equitable adjustment to the contract price plus an extension of time to complete the contract.

14. GENERAL:

A) This agreement is the final and complete agreement of the parties. There are no other agreements, contracts, understandings, or representations, oral or written, expressed or implied with respect to this transaction or the equipment being sold hereunder. No amendment thereto shall be effective unless in writing and signed by the parties.

B) In all cases clerical errors are subject to correction.

C) In the event that any terms of this agreement be or become or are declared to be invalid or void by any court of competent jurisdiction such terms shall be

D) The validity, enforceability and interpretation of the above terms and conditions shall be determined and governed by the laws of the state of California.

Revised 11/26/02