



STORCH MAGNETICS • DIVISION OF STORCH PRODUCTS CO., INC.
PO Box 531356, Livonia, MI 48153-1356 • 11827 Globe Road, Livonia, MI 48150
Tel 734/591-2200 • Fax 734/591-2582 • WWW <http://www.storchmagnetics.com>
ISO 9001:2000 & WBENC certified

TERMS AND CONDITIONS

Payment Terms:

All of Seller's prices (and other terms) quoted and confirmed pursuant to this Order Acknowledgment Form are subject to correction for typographical and clerical errors. Unless stated otherwise on this Order Acknowledgment Form, all payment terms are Net thirty (30) days, or as otherwise determined by our credit department at the time of order. Late payments shall bear interest at the lesser of one and one-half (1-1/2%) percent per month or at the highest rate allowed by law on any unpaid balance. Seller reserves all rights if Buyer pays by check and Buyer's check is not honored. Future shipments to accounts paying beyond terms will be shipped COD or prepayment may be required. Delinquent accounts will be aggressively pursued for payment and may be placed for collection. Buyer acknowledges, in the event Buyer's account is placed for collection or the alternative to seek formal legal redress, all costs associated with the Seller seeking payment of the unpaid account inclusive of accrued interest, attorney's fees and relevant court costs are the sole responsibility of the Buyer.

Buyer's Financial Status

Buyer represents to Seller that it is solvent and is paying all of its liabilities as they come due. Shipments of goods shall at all times be subject to approval of Seller's credit department and Seller may at any time decline to make any shipments, except upon receipt of payment or upon terms and conditions or security satisfactory to Seller. If, at any time, the Buyer becomes bankrupt, insolvent, or makes an assignment for the benefit of creditors, or if Seller otherwise reasonably deems itself insecure, the Seller may at its option stop shipping the goods under this Order Acknowledgment Form by giving to Buyer notice of the same, and Seller shall thereupon be relieved of any further obligations to Buyer. In the event of such termination, in addition to payment for goods already delivered, Buyer shall reimburse Seller for its termination

Freight Terms:

Shipments FOB: Shipping Point, Livonia, Michigan, or any other shipping location in the event of a drop shipment, or elsewhere as Seller deems necessary. Minimum shipping release per destination location - \$50.00. Freight charges via UPS shall be prepaid by Seller and added to billing. All other transporters are shipped freight collect. In addition, Buyer agrees to pay all packaging charges. Buyer acknowledges that the delivery/completion dates of any goods provided pursuant to this Order Acknowledgment Form are based on the assumption that there will be no delay due to causes beyond the reasonable control of Seller. Seller shall not be charged with any liability for any such delay, non-delivery or other non-performance.

Orders: All orders or services must be accompanied by Buyer's standard Company Purchase Order form and signed by an authorized agent or officer of the Buyer.

Delivery, Insurance and Risk of Loss: The risk of loss or damage to all goods sold to Buyer by Seller shall only remain with the Seller until, and shall pass to the Buyer upon, delivery of the goods to the Common Carrier at Seller's loading dock. All shipments are insured by Seller unless otherwise specified by the Buyer who by doing so, assumes all responsibility for loss or damage. Damage to shipments by Common Carrier must be reported to Common Carrier at the time of Buyer's receipt. Storch Products and Storch Magnetics will not accept Common Carrier loss or damage. Seller reserves the right to hold or stop any shipment of goods in transit if all or any portion of the Buyer's account has not been timely paid.

Inspection and Limitation of Warranties Buyer shall promptly inspect the goods upon their arrival at Buyer's shipping destination, and must notify Seller in writing within fifteen (15) days of arrival, if such goods are defective. If no such notice is given to Seller, or if Buyer has begun to alter the goods in any manner, the goods shall be deemed irrevocably accepted and Buyer waives any right to revoke such acceptance. Buyer shall provide Seller the reasonable opportunity to inspect all alleged defective goods. If, in Seller's opinion, such goods are actually defective, Seller's liability and Buyer's exclusive remedy under this Order Acknowledgment Form are limited to Storch's separate warranty described below. All goods returned to Seller must be in the original manufacturer's carton and/or packing, as applicable, and in accordance with Seller's instructions; otherwise credit will not be granted for any goods not so returned. As we have no control over the Buyer's application, Storch will not accept responsibility for a non-conforming good.

The "Storch Magnetic Slide Conveyor" line carries a separate warranty applicable to that product and any additional terms and conditions are provided at the time of quotation and/or shipment.

The separate warranty described above is a limited warranty. If any goods to be sold to Buyer by Seller are manufactured, assembled, packaged, processed or otherwise handled by Seller in substantial compliance with the Buyer's specifications as provided to Seller, then Seller will not be liable to the Buyer for the failure of such goods or performance, or for any of the Buyer's damages (including incidental and consequential damages and lost profits) arising from such failure, and the Buyer will indemnify and hold Seller harmless from any and all third party losses, costs (including court costs and attorney's fees), damages, lawsuits or other liabilities arising from such failure.

Product Returns: Merchandise cannot be returned without Seller's authorization. All claims for refunds or exchanges must be made within fifteen (15) working days after Buyer's receipt of goods. Items returned for reasons other than the above-referenced warranty claims are subject to a minimum returned goods charge of \$50.00 or a 10% re-stocking fee, whichever is greater. Special magnets or materials that Storch has altered to Buyer's specifications, or that have been altered by Buyer after receipt of goods, are not returnable.

*Modification/
Termination*

No change in or modification of a purchase order after start of production shall be binding unless authorized by Seller. Requested changes or modifications by Buyer shall be in writing, signed by an authorized Buyer representative. Seller agrees to make a good faith effort to consider any changes or modifications. Buyer may, at any time prior to the start of production, make changes in drawing, design and specifications where the items to be furnished are specifically built for the Buyer. Any associated costs of such changes are the responsibility of the Buyer.

Indemnity:

Buyer shall indemnify, defend (using counsel acceptable to Seller) and hold harmless Seller and its officers, directors, employees, subcontractors and agents, and their respective successors and assigns, from any and all losses, costs (including court costs and attorneys fees), damages, lawsuits or other liability arising out of Buyer's performance or non-performance of its obligations to Seller and/or the breach by Buyer of any representation or warranty made pursuant to Seller.

Insurance:

Seller maintains the following insurance:

- (a) Workers Compensation Coverage with an aggregate limit of \$500,000.
- (b) Commercial Umbrella Coverage with an aggregate limit of \$1,000,000.
- (c) Commercial Package Policy, including contractual liability and property damage, on an "occurrence" basis with limits of \$1,000,000 and a Bodily Injury Medical limit of \$5,000.

Limits of Liability:

Seller shall not be liable to Buyer for amounts representing indirect, special or punitive damages.

*Products, Methods,
Designs and
Manufacturing
Process:*

All materials, information, designs, drawings, plans, ideas and the use thereof concerning Seller's products, methods or manufacturing process which Buyer may have access to incident to the manufacture of the goods or performance of services to Buyer, shall be deemed to be proprietary and confidential information of the Seller. Buyer is prohibited from duplicating designs or products or passing such information to any third party unless otherwise specifically agreed to in writing by Seller.

*Custom Duties,
Import Taxes &
Sales Taxes:*

Prices quoted and confirmed do not include federal, state, local or other taxes. All taxes, import or export fees and duties are the responsibility of the Buyer. Upon request, Seller shall promptly furnish all documents required by customs for any country in which the goods are to be shipped. Purchaser's are to furnish a completed Sales Tax Exemption Certificate if items purchased are exempt from Michigan Sales Tax.

Agreement:

These Terms and Conditions replace and supersede any terms or conditions reflected on any purchase order or any related document issued by Buyer and any prior oral or written representations and agreements. Seller hereby objects to, and these Terms and Conditions supersede, any terms and conditions appearing in Buyer's purchase orders or other forms which modify, contradict or are in addition to the terms and conditions set forth herein.

Miscellaneous:

All of the terms and conditions of this Order Acknowledgment Form shall be binding upon and inure to the benefit of the parties respective heirs, successors, administrators, legal representatives and permitted assigns. This Order Acknowledgment Form shall not be assigned in whole or in part by Buyer without prior written consent of Seller. Buyer acknowledges and agrees that Seller may subcontract with third parties for the performance of some or all of Seller's obligations under this Order Acknowledgment Form. Waiver by Seller of a breach by Buyer of any of the terms and conditions of this Order Acknowledgment Form shall not constitute a waiver of any other breach of the same or any other term. This contract shall be interpreted in accordance with Michigan law. Buyer irrevocably consents to personal jurisdiction and venue in the Wayne County, Michigan Circuit Court (or the applicable District Court in Livonia, Michigan), for purposes of resolving any disputes hereunder. No action, regardless of form, arising out of or in any way relating to any matter covered under this Order Acknowledgment Form shall be brought by Buyer more than one (1) year after such cause of action has occurred. All rights and remedies of Seller shall be cumulative and none shall exclude any other rights or remedies available at law or in equity. If any provision of this Order Acknowledgment Form is determined to be unenforceable, the rest of the Order Acknowledgment Form terms shall remain valid and enforceable. In addition, if any provision of this Order Acknowledgment Form may be modified by a court of competent jurisdiction such that it may be enforced, then the provision shall be so modified and as modified shall be fully enforced. This Order Acknowledgment Form constitutes the entire agreement between the parties with respect to its subject matter and no modification of this Order Acknowledgment Form shall be binding unless in writing signed by both parties.

Acceptance:

Buyer agrees that its acceptance of the goods confirmed herein shall constitute the Buyer's acceptance of these terms and conditions of sale.