
PEP LACEY TERMS AND CONDITIONS OF SALE

PEP LACEY'S ACCEPTANCE OF YOUR ORDER IS EXPRESSLY CONDITIONED ON THE GENERAL TERMS AND CONDITIONS SET FORTH BELOW AND ON THE FACE OF THE ACKNOWLEDGMENT. THE CONTRACT SHALL NOT INCLUDE ANY DEVIATING OR ADDITIONAL TERMS, UNLESS EXPRESSLY AGREED TO IN WRITING AND SIGNED BY PEP LACEY'S AUTHORIZED REPRESENTATIVE.

Prices. The price(s) shown on the acknowledgment reflect current pricing. Prices do not include any federal, state or local property, license, privilege, sales, use, excise, gross receipts or other like taxes which may now or hereafter be applicable to, measured by or imposed upon, or with respect to the transaction, sale, value or use of the goods furnished hereunder (other than taxes based on net income). Customer shall pay or reimburse any such taxes which PEP Lacey or its subcontractors or suppliers are required to pay or collect.

Payment. All invoices shall be paid within thirty (30) days from the date of invoice. PEP Lacey reserves the right to change such payment terms at any time in the event that PEP Lacey has reasonable grounds for insecurity as to payment. PEP Lacey shall have the right at any time to demand cash payment on or before delivery in any instance in which PEP Lacey determines that Customer's credit is less than satisfactory, or for other good cause.

Security Interest. Customer grants and PEP Lacey reserves a purchase money security interest in the goods subject to this order, and in any proceeds of the goods, for the amount of the purchase price. Upon PEP Lacey's request, Customer shall sign any document required to perfect such security interest. Customer's full payment of the purchase price of the goods purchased hereunder shall release PEP Lacey's security interest.

Delivery Terms. Delivery is F.O.B. shipping point, unless PEP Lacey decides, in its sole discretion, to provide for shipment.

Risk of Loss. The risk of loss of the goods shall pass to Customer upon delivery to the carrier at the shipping point unless transportation is provided by PEP Lacey.

Tooling. Customer shall pay for any special tooling required for the production of goods hereunder by payment of 50% of the cost thereof at the time of the acceptance of the purchase order by PEP Lacey and 50% upon delivery. PEP Lacey shall not be responsible to maintain tooling after two years from the date of the last order.

Shipment Dates. PEP Lacey shall make reasonable efforts to meet any delivery date(s) requested by Customer, but PEP Lacey will not be liable for its failure to meet such date(s).

Installments. PEP Lacey may deliver the goods in two (2) or more installments.

Cancellation. Orders may not be cancelled or changed without the written consent of an authorized PEP Lacey representative, which consent may be conditioned on payment of cancellation charges.

Patents. PEP Lacey may discontinue manufacture and shipment of any goods, the manufacture, sale, or use of which in its opinion would infringe proprietary information or a patent of a third party. Customer shall indemnify and hold PEP Lacey harmless, from any loss, damage or expense, including reasonable attorney's fees, based on a claim of infringement or misuse of third party proprietary information or patents as a result of manufacture, sale or use of products pursuant to Customer's specifications.

Special Orders. Customer agrees to accept delivery of ten (10) percent more or less than the amount ordered.

Limited Warranty. PEP Lacey warrants only that the goods delivered hereunder will conform to specifications and will be free from defects in material or workmanship. There are no warranties other than those contained in this Order Acknowledgment.

PEP Lacey makes no warranty of merchantability of fitness for purpose of the goods covered by this order.

Acceptance, Rejection and Revocation. Goods shall be deemed to have been accepted and Customer's right to reject nonconforming goods shall expire five (5) business days after receipt of the goods. Customer's right to revoke acceptance of nonconforming goods shall expire ninety (90) days after delivery of the goods. If Customer rejects or revokes acceptance of any goods tendered under this order, or attempts to do so, Customer must notify PEP Lacey in writing fully specifying all claimed nonconformities. The failure to specify any nonconformity shall constitute a waiver of that nonconformity. No returns may be made and no credits will be granted without PEP Lacey's prior written approval.

Notice of Breach of Warranty. If Customer discovers that the goods breach any warranty, Customer must notify PEP Lacey in writing of the breach of warranty within seven (7) days after discovery of the breach. The notice must specify the facts constituting the alleged breach and must be sent by certified mail to PEP Lacey's address on the front of the order acknowledgement. PEP Lacey shall have a reasonable opportunity to investigate any alleged breach of warranty before PEP Lacey has any obligation to take any remedial action.

Remedies of Customer. Customer's exclusive remedy, and PEP Lacey's liability, for delivery of nonconforming goods or defective goods or any other breach of warranty are expressly limited, at PEP Lacey's option, to either replacement of the nonconforming or defective goods at the place of delivery, or refund of the purchase price with respect to such goods. Further, if practical, all defective or nonconforming goods must be returned to PEP Lacey, charges prepaid, and with complete information as to service and maintenance. PEP Lacey shall have no responsibility for goods which have been improperly installed, maintained or subjected to abuse in operation or assembly.

Limitation of Liability: *The remedies of Customer set forth in these terms and conditions of sale are exclusive and shall in no event extend beyond twelve (12) months from the date of delivery. Customer assumes the risk and liability resulting from the use of the goods, whether used singly or in combination with other goods. PEP Lacey shall in no case be liable for special, incidental or consequential damages arising from breach of warranty, breach of contract, negligence, strict liability in tort, or any other legal theory. Such damages include, but are not limited to, loss of profits or revenue, loss of use of the goods, cost of capital, cost of any substitute goods, facilities or services, cost of any recall, or claims of customers or employees of Customer for any such damages.*

Force Majeure and Allocation. Neither Customer nor PEP Lacey will be responsible for any delay or failure of performance under this order (other than to make payment due hereunder) if such delay or nonperformance is caused by acts of God, floods, fires, explosions, storms, transportation difficulties, strikes, lockouts, or other labor or industrial disturbances, any law, rule, order or action of any court, agency or other instrumentality of the federal or any state or local government; or exhaustion, reduction, unavailability, or delay in delivery of any product or material necessary in the manufacture of the goods to be sold hereunder (regardless of whether or not such exhaustion, reduction, unavailability, or delay is beyond such party's control, provided only that the same is not willfully done or brought about for the purpose of exusing failure or inability to perform); or any other cause beyond a party's control whether or not similar in class or kind to those mentioned. If any of the events or contingencies referred to in this provision occurs, PEP Lacey shall have the right to curtail deliveries or allocate its supply of goods for sale among all of its customers in any manner which in its sole discretion is fair and reasonable in the circumstances. Customer shall not hold PEP Lacey responsible in any manner for losses or damages which Customer may incur as a result of such failure, curtailment or allocation by PEP Lacey.

Compliance With Applicable Laws. Customer shall inform PEP Lacey of any specific federal, state and local laws or regulations which must be complied with in the manufacture, sale or use of these goods.

Time Limitations. Any action against PEP Lacey for breach of these terms and conditions (including any breach of warranty) must be commenced within thirteen (13) months following delivery of the goods.

Indemnity. Customer shall indemnify and hold PEP Lacey harmless from any loss, damage, or expense, including reasonable attorneys fees, with respect to any claim of a third party based on personal injury, wrongful death or property damage alleged to be suffered as a result of the design, manufacture, material defect, use of application of the goods sold hereunder. Customer shall provide to PEP Lacey proof of insurance coverage in an amount deemed acceptable by PEP Lacey with respect to the goods manufactured by PEP Lacey for this order and PEP Lacey shall be named as an additional insured on any such policies. Said coverage shall provide that it shall not be terminated without reasonable prior notice to PEP Lacey.

Governing Law, Jurisdiction and Venue. State and Federal Courts in the State of Connecticut shall have exclusive jurisdiction over any disputes or claims arising out of this agreement, the interpretation of which shall be governed by the substantive laws of the State of Connecticut. Customer consents to the jurisdiction of courts.

Sole Agreement. These terms and conditions contain the entire agreement between the parties with respect to the goods covered by this order. The agent, employees and representatives of PEP Lacey are not authorized to make modifications to these terms and conditions, or to make additional warranties binding on PEP Lacey. Any such additional statements, whether oral or written, do not constitute warranties and should not be relied upon the Customer.