

TERMS AND CONDITIONS OF SALE

This Agreement is between "Seller", Neo Industries Corporation, having a principal place of business at 1809 Industrial Blvd., Colleyville, Texas 76034 and the "Buyer". This agreement is to be governed by the laws of the State of Texas.

Quotations - Clerical errors are subject to correction. Purchase Orders or Contracts are subject to acceptance at Seller's home office.

Quantities - Buyer agrees to accept over or under runs not to exceed 10% of ordered quantity on each line item. Closer control of quantity requires special arrangements between Seller and Buyer prior to acceptance of order.

Cancellations - Orders may be canceled or deliveries deferred only upon condition that the Buyer assumes immediate liability and makes payment for all work completed and in process. Such charges for value added shall include raw material, amortized tooling, engineering, handling, overhead, and production costs. Seller shall determine such charges at time of cancellation or deferment.

Delivery and Shipments - Seller shall not be liable for damages for default or delay in production or delivery for causes beyond the company's control including, but not limited to, an accident or breakdown of equipment, labor disputes, embargoes, acts of God, supplier delays, government restrictions, riot, or carrier delays.

Bulk packaging is standard. Buyer shall bear the expense of all other packaging. All special packaging requirements shall be specified at the time of quotation.

Taxes - The Buyer shall pay all sales or use taxes and customs duties imposed by Federal, State, County or municipal authority upon Seller's transfer and delivery of merchandise.

Samples and Approvals - If requested, Seller will submit samples for approval when commencing production upon any order. Any and all quality reporting requirements, such as ISIR and PPAP, shall be specified at the time of quotation and are subject to the approval of the Seller. It is understood that the Seller's equipment is to be run immediately. Any changes in original specifications will be made only at Buyer's direction and expense. Seller will be notified immediately with notice followed by written confirmation.

Claims - In all claims for shortages, Buyer must notify Seller within 15 days of receipt of shipment. Charges for repair or inspection of parts by Buyer, without prior authorization, cannot be honored. Claims will not be honored on those parts further processed by Buyer resulting in change of dimensions or characteristics from parts ordered.

Tooling and Accessories - Tools, gage, and / or fixtures are an integral part of the manufacturing process and included in engineering charges. As a proprietary item, payment by the Buyer, whether separately quoted or not, conveys neither ownership nor the right of removal from the Seller's plant.

Patents - The products hereunder are manufactured in accordance with the Buyer's specifications and design. Accordingly, Buyer shall defend and save harmless vendor from all damages, claims, actions or suits based upon actual or alleged infringement of any patent registered in the U.S. or elsewhere. Indemnity shall include attorney's fees and other costs in defending such claim.

Warranty - Seller warrants that goods manufactured will conform to the drawings and specifications furnished by Buyer at the acceptance of contract. Where products are used and combined with other equipment or components not furnished by Seller, Buyer agrees to indemnify Seller for all claims and expenses resulting from the use or incorporation into Buyer's products.

No express or implied warranty of merchantability or fitness for use is made except as provided herein.

Limited Liability - The Seller's liability shall be limited to the value of the contract.

The foregoing states Seller's entire and exclusive liability. In no event will Seller be liable for consequential or special damages arising from any defect or use of the Buyer's products.

Conditions of Manufacturing - In the absence of customer specifications adequately defining dimensional and appearance requirements, the following conditions of manufacturing will apply:

Decimal Dimensions:

- Diameter tolerance of plus and minus .010".
- Length tolerance of plus and minus .030"

Fractional Dimensions:

- Diameter tolerance of plus and minus .030".
- Length tolerance of plus and minus .060".

Angles:

- Plus and minus 2 degrees.

Intersecting Surfaces:

- Fillets .030" Max
- Corners .030" Max. Radius or Chamfer.

Unspecified Surface Finishes:

- Not to exceed 150 micro-inches (Ra, AA or RMS).

Thread Standards:

- Unless otherwise specified threads will conform to the limits of the American National or Unified Form to Class 2A or 2B.