

STANDARD TERMS AND CONDITIONS OF SALE

1. ENTIRE AGREEMENT/ORDERS.

This agreement is between Fenner Dunlop Conveyor Systems and Services, Inc. dba Classic Conveyor Components ("Fenner") and Purchaser. No order for Fenner's goods or services shall be binding upon Fenner until acknowledged in writing by Fenner. That acknowledgement and these Terms and Conditions constitute the entire agreement between Fenner and Purchaser. Any purchase order, offer or counter-offer made by Purchaser before or after Fenner's acknowledgement is rejected and all documents exchanged prior to Fenner's acknowledgement are merely preliminary negotiations and not part of any Agreement between the parties. For example, orders submitted on Purchaser's own purchase order forms modifying, adding to, contrary to, or inconsistent with these Terms and Conditions are expressly rejected and of no force or effect and acceptance is expressly made conditional upon assent to these terms. In no event will Fenner be deemed to have in any way changed, enlarged or modified its liabilities or obligations as fixed by these Terms and Conditions including, without limitation, situations in which Fenner satisfies an order submitted on Purchaser's own purchase order form.

Purchaser shall have been deemed to agree to these Terms and Conditions upon the earlier of acceptance of Fenner's quotation, acceptance of delivery of the goods or services or the issuance of a purchase order to Fenner.

No acknowledgement by Fenner and no provision of Fenner's Terms and Conditions shall be subject to change in any manner except as agreed to in writing by an officer of Fenner.

2. PRICES.

All prices are subject to change without notice and quoted in U.S. dollars unless otherwise noted. All prices for goods are quoted FOB origin unless otherwise noted by Fenner. Written quotations expire thirty (30) calendar days from the date of quotation unless specified otherwise. Verbal quotations are non-binding on Fenner. Prices do not include sales, excise, municipal, state or any other government taxes. All taxes and other governmental charges upon the production, manufacture, distribution, sale or use of goods or

services to the extent required or not forbidden by law to be collected by Fenner from Purchaser, shall be paid by Purchaser to Fenner unless Purchaser furnishes Fenner with exemption certificates acceptable to the relevant taxing authorities. Fenner reserves the right to revise prices of work in process due to any change in the order on the part of the Purchaser or any factor beyond the control of Fenner. Typographical and/or clerical errors made by Fenner are subject to correction.

3. TERMS OF PAYMENT.

Invoices are net thirty (30) days from the date of invoice unless specified otherwise and approved in writing by Fenner. Past due accounts will bear interest at the rate of 3% per month of the invoiced amount. All invoices are payable in U.S. dollars, unless specified otherwise and approved. Acceptance of bank drafts, checks or other form of payment shall be subject to immediate collection of the full face amount thereof. Fenner may, at its discretion, impose a transaction fee on payments processed via wire transfer or by Letter of Credit.

Fenner reserves the right at any time and in its sole discretion to demand full or partial payment before proceeding with a Agreement of sale. If delivery is delayed or deferred by Purchaser beyond the scheduled date, payment shall be due in full when Fenner is prepared to ship the goods or perform the services. The goods may thereafter, at Fenner's option, be stored at the risk and expense of Purchaser. If Purchaser defaults when any payment is due or becomes insolvent, the whole Agreement price shall become due and payable upon demand or Fenner, at its option, without prejudice to other lawful remedies, may defer delivery or cancel the Agreement.

In the event of nonpayment of an invoice when due, Fenner shall have the right to suspend further work or the delivery of future goods under this Agreement or any Agreement with Purchaser until such invoice is paid in full; provided, however, that if such invoice remains unpaid for more than five (5) days after written demand by Fenner, Fenner may terminate this Agreement without penalty.

Order cancellations by the Purchaser are subject to an order cancellation fee as stated with the quotation and incorporated herein.

4. DELIVERY.

Fenner shall not be liable for any damage as a result of any non-delivery or delay due to any cause beyond Fenner's reasonable control, including, without limitation, an act of God; act of Purchaser; embargo; other government act, regulation or request; fire; accident; strike; war; boycott; slowdown; riot; or delay in transportation or inability to obtain necessary labor, materials, or manufacturing facilities.

Fenner reserves the right to substitute suitable alternative materials and components where necessary.

Where the services are to be performed on Purchaser's premises, Purchaser agrees to provide Fenner on a timely basis with such access, machine downtime, utilities and equipment as Fenner shall reasonably require in order to perform the services in accordance with the Agreement. If Purchaser fails to perform its obligations or shall fail to perform them in a timely manner, Purchaser acknowledges and agrees that Fenner shall be entitled to delay performance of the services until such time as Purchaser has complied in all respects with its obligations and to increase the price for the services to reflect any increased cost to Fenner caused by Purchaser's failure to perform or late performance.

5. SHIPMENT/RISK OF LOSS.

All shipments of goods are subject to an overrun or shortage of 5% of the quantity specified. Unless otherwise noted, all sales of goods are made FOB point of shipment. Delivery dates given in advance of actual shipment of goods or performance of services are estimates and shall not be deemed to represent fixed or guaranteed delivery dates. Method and route of shipment will be at the discretion of Fenner unless specified otherwise by Purchaser and agreed by Fenner, and any additional expense of the method or route of shipment specified by Purchaser shall be borne by Purchaser. Claims for shortage or other quantity errors must be

made in writing to Fenner within five (5) days after receipt of shipment. Failure to give such notice shall constitute unqualified acceptance and a waiver of all such claims by Purchaser.

Fenner reserves the right to make delivery of goods in installments, unless otherwise expressly stipulated in the agreement for sale. Such installments, when separately invoiced, shall be paid for when due per invoice without regard to subsequent deliveries. Delay in delivery of any installment shall not relieve Purchaser of its obligations to accept remaining deliveries.

6. TOOLS/DIES.

All tools, patterns and other equipment used in the manufacture of any of Fenner's goods or performance of any of Fenner's services shall remain the property of Fenner unless otherwise expressly agreed in writing. Purchaser shall not permit any third party to use such equipment nor disclose to any third party any technical, dimensional or design details, or any other information in respect of such equipment at any time.

7. WARRANTY/CLAIMS.

Purchaser acknowledges that it has selected and ordered goods based on its own skill and judgment and agrees that it is responsible for ensuring that the goods selected are fit for Purchaser's purpose. Fenner warrants only that such goods have been produced in accord with Fenner's standard practices with regard to materials and workmanship and no samples or prior description of goods shall constitute an express warranty. If goods are non-conforming, Fenner, at its option and subject to the terms of this paragraph 7 and paragraph 9, will either (i) allow Purchaser to return the goods and receive repayment of the price or (ii) repair or replace the goods. No goods are to be returned to Fenner without prior written consent of Fenner and the assignment of a return goods authorization number by Fenner.

Purchaser is liable to pay for all associated costs incurred by Fenner due to its selection of noncompliant products. These associated costs are calculated based on: (a) a fixed administrative

charge of \$_____ to cover all handling, data entry and reporting activities resulting from the selection of noncompliant products; and (b) any additional costs incurred by Fenner in managing the noncompliant products, including, but not limited to, all reworks, investigations and other consequential costs.

Fenner reserves the right to alter the fixed administrative charges at any time without notice to Purchaser.

Fenner shall not be responsible for any selection made by Purchaser and will not have any liability to Purchaser for any loss, damages, costs or expenses suffered by Purchaser as a result thereof.

(a) THIS WARRANTY IS IN LIEU OF ANY EXPRESSED OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER OBLIGATION ON THE PART OF THE SELLER.

(b) Fenner shall have no obligation under this warranty if damage to the good occurs because of improper handling or operation, modification of the good, abuse, misuse, unauthorized repairs made or attempted and/or where equipment is operated above rated capacity.

(c) No agent, employee or representative of Fenner has authority to bind Fenner to any affirmation, representation or warranty concerning the goods sold.

(d) Upon receipt, Purchaser shall inspect the goods. All notice of claims, including claims for alleged defective goods, must be made within fifteen (15) days of receipt. If no notice of claim is made within fifteen (15) days, the goods are irrevocably accepted by Purchaser and all claims against Fenner are waived and forever barred. Purchaser agrees that any litigation or arbitration relating to any claim must be commenced within one (1) year after date of shipment by Fenner. Purchaser hereby expressly assumes all liability for all damage and injury occurring before and after said time periods if notice is not made pursuant to this agreement.

8. PURCHASER SUPPLIED MATERIALS.

Purchaser warrants that any material or parts supplied to Fenner will conform to all indicated specifications and will be timely delivered. Fenner shall not be liable for any damages related to parts or materials supplied by Purchaser, including damage to the part or material itself, or damage caused by defective parts or materials. Fenner extends no warranty and shall not be liable for any Fenner goods that are defective as a result of Purchaser supplied material or parts.

9. LIMITATION OF LIABILITY/ INDEMNITY.

Fenner's liability on any claim for loss or damage arising out of this transaction or from the performance or breach thereof or connected with any goods or services supplied hereunder, or the sale, resale, operation or use of goods, whether based on Agreement, warranty, tort (including negligence) or other grounds, shall not exceed the price allocable to such goods or services or part thereof involved in the claim, regardless of cause or fault. Purchaser's remedies are limited to the return of non-conforming goods and repayment of the price or to the repair and replacement of non-conforming goods, subject to the provisions of paragraph 6. This limitation of liability and remedies reflects a deliberate and bargained-for allocation of risks between Fenner and Purchaser and constitutes the basis of the parties' bargain, without which Fenner would not have agreed to the price or terms of this transaction. Fenner shall not, under any circumstances, be liable for any charges without its prior written consent.

Fenner SHALL NOT IN ANY EVENT BE LIABLE WHETHER AS A RESULT OF BREACH OF AGREEMENT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHER GROUNDS FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF GOODS OR ASSOCIATED PRODUCTS, BUSINESS INTERRUPTION, COST OF CAPITAL, COST OF SUBSTITUTE GOODS, FACILITIES OR SERVICES, DOWNTIME COSTS, OR CLAIMS

OF CUSTOMERS OF PURCHASER FOR SUCH DAMAGE. In addition, if Fenner furnishes Purchaser with advice or other assistance regarding any goods or services supplied hereunder, or any system or equipment in which any such goods may be installed, and which is not required pursuant to this transaction, the furnishing of the advice or assistance will not subject Fenner to any liability, whether based on Agreement, warranty, tort (including negligence) or other grounds.

In the event Purchaser modifies Fenner goods or incorporates Fenner goods into another product or component part, Purchaser agrees to hold harmless and indemnify Fenner from any and all claims, liabilities, losses, costs and expenses (including reasonable attorneys' fees) involving personal injury or property damage. Purchaser also agrees to hold harmless and indemnify Fenner from any patent or other intellectual property claims related to any Fenner goods made in accordance with Purchaser's designs or specifications.

10. WAIVER AND CHOICE OF LAW.

The failure of Fenner to insist in any one or more instances, upon the performance of any of the Terms and Conditions as set forth herein or the failure of Fenner to exercise any of its rights hereunder shall not be construed as a waiver or relinquishment of any such terms, conditions or rights thereunder and shall not effect Fenner's right to insist on strict performance and compliance with regard to any future performance of these Terms and Conditions. All transactions shall be governed by the laws of the State of OH, United States of America, excluding conflict law rules. The provisions of the United Nations Convention on Agreements for the International Sale of Goods shall not apply.

11. DISPUTE RESOLUTION/ATTORNEYS' FEES.

Any dispute, controversy or claim arising out of or related to this transaction where the matter in controversy does not exceeds the sum of \$50,000, exclusive of interest and costs, shall be resolved by binding arbitration. A demand for arbitration shall be served on the other by certified mail. Within forty-five (45) days after a party demands

arbitration, the parties shall select a single arbitrator. The selected arbitrator shall conduct the arbitration in a manner substantially similar to the procedures set forth in the Commercial Arbitration Rule of the American Arbitration Association ("AAA"). If the parties are unable to agree on an arbitrator, the party demanding arbitration shall file a demand for arbitration with the AAA and the arbitration shall then proceed in accordance with the Commercial Arbitration Rules of the AAA. In all circumstances, the arbitration shall take place in Toledo, OH.

Any dispute, controversy or claim arising out of this transaction where the matter in controversy exceeds the sum of \$50,000, exclusive of interest and costs, shall be adjudicated exclusively by a court of competent jurisdiction in Toledo, OH. Purchaser consents to personal jurisdiction and venue in Toledo, OH and agrees not to take any action to challenge such jurisdiction or venue. Fenner may bring an action against Purchaser in any jurisdiction or venue.

In the event of any action or proceeding related to this transaction, and Fenner is determined to be the prevailing party with regard to some or all claims, Purchaser agrees to pay all of Fenner's attorney's fees and litigation costs up through and including any appeal.

12. ASSIGNMENT, WAIVER, ENTIRE AGREEMENT, SEVERABILITY.

Purchaser shall not assign or delegate any of its rights or obligations under this Agreement without the prior written consent of Fenner. Fenner may assign the Agreement or any part of it to any person, firm or company without notice to Purchaser. Fenner may terminate this Agreement upon written notice to Purchaser without any further liability to Purchaser if there is a change of control of Purchaser. The Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all prior oral or written representations or agreements by the parties with respect to the subject matter of this Agreement. Neither the Agreement nor any of its provisions may be modified, amended or waived, whether orally, through the parties' course of performance,

course of dealing or course of conduct, or manifested in any other way, unless in writing and signed by authorized representatives of both parties. It is the express intention of the parties that such requirement for written modifications, amendments or waivers be strictly enforced notwithstanding judicial precedent or statutory provisions to the contrary. Any provision found invalid or unenforceable will not affect the validity or enforceability of any other provision and the invalid provision may be judicially modified to the extent enforceable.