

**3101 Pollok Dr. Conroe, Texas 77303 USA 1-800-344-5399 Fax 1-936-788-5720**

## **TERMS AND CONDITIONS OF SALE**

Terms: **Net 30 days**  
Shipment Point: **FCA Factory**

This quotation is subject to all terms and conditions on the face and reverse side hereof and supersedes Buyer's proposed terms and conditions, if any. This quotation shall become a contract only (a) when signed and delivered by Buyer to YZ Systems within thirty (30) days from date hereof and accepted by YZ Systems at its Conroe, Texas office as evidenced by written or telegraphic confirmation by YZ Systems to Buyer, or (b) any conduct of Buyer which recognizes the existence of a contract pertaining to the subject matter hereof.

This quotation contains the entire agreement of the parties and all proposals, negotiations, representations or agreements made or entered into, prior to or contemporaneously with this quotation are excluded whether oral or in writing. Prices set forth in this quotation are based upon the terms and conditions set forth herein.

**ANY TERMS PROPOSED IN BUYER'S ACCEPTANCE OF THIS QUOTATION WHICH ADD TO, VARY FROM, OR CONFLICT WITH THE TERMS HEREOF ARE HEREBY OBJECTED TO AND REJECTED AND SHALL NOT CONSTITUTE ANY PART OF ANY CONTRACT RESULTING FROM THIS QUOTATION. ANY SUCH PROPOSED TERMS SHALL HAVE NO FORCE OR EFFECT AND THE TERMS HEREIN SHALL CONSTITUTE THE COMPLETE AND EXCLUSIVE STATEMENT OF THE TERMS AND CONDITIONS OF ANY CONTRACT RESULTING FROM THIS QUOTATION AND MAY BE MODIFIED ONLY BY WRITTEN INSTRUMENT EXECUTED BY THE AUTHORIZED REPRESENTATIVES OF BOTH PARTIES.**

1. Prices are ex factory unless otherwise specified. Purchase prices are stated in United States Dollars and payment shall be in United States Currency. Invoice terms are net 30 days unless otherwise specified. YZ Systems reserves the right to modify or withdraw credit terms at any time without notice and to require guarantees, security, or payment in advance in the amount of the credit involved.
2. Prices do not include sales, use, excise or any similar tax. Any tax or other governmental charge upon the production, sales, shipment or use of the product which YZ Systems is required to pay or collect from Buyer shall be paid by Buyer to YZ Systems unless Buyer furnishes YZ Systems with a tax exemption certificate acceptable to the applicable taxing authority. Buyer shall be responsible for obtaining any necessary governmental clearances, including import and foreign exchange licenses, which may be required by any government other than the government of the United States.
3. YZ Systems shall not be liable for any failure to perform its obligations under any contract resulting from this quotation when such failure arises directly or indirectly from or is contributed to by any acts of God, acts of Buyer, acts of civil or military authority, priorities, fire, strikes or other labor disputes, accidents, floods, epidemics, war riot delays in transportation, lack of or inability to obtain raw materials, components, labor, fuel or supplies, or other circumstances beyond YZ Systems' reasonable control whether similar or dissimilar to the foregoing.
4. Shipping dates are given to the best of YZ Systems' knowledge based upon conditions existing at the time any contract resulting from this quotation is entered into and specifications contained therein. YZ Systems will, in good faith, endeavor to ship by the estimated shipping date but shall not be responsible for any delay or any damage arising from failure to ship on the estimated shipping date. If Buyer fails to furnish such shipping instructions, YZ Systems will select what is, in its opinion, the most satisfactory routing for the shipment. If Buyer is to pick up products and has not done so within seven (7) days after notification that they are ready for shipment, YZ Systems may ship the products commercial carrier (best way). Any prepayment by YZ Systems for freight charges shall be for the account of Buyer and shall be paid by Buyer with and in addition to the purchase price.
5. Title to the products and risk of loss with respect thereto shall pass to Buyer upon delivery thereof by YZ Systems to a common carrier.
6. If Buyer has not made a claim to YZ Systems within thirty (30) days after receipt of the products, or within ninety (90) days after shipment from YZ Systems' facility, whichever shall first occur, the products shall be considered accepted and conforming to contract requirements.

7. YZ Systems warrants to Buyer for a period of 18 months from the date of shipment or 12 months from placement into service, whichever first occurs, that any product delivered under any contract resulting from this quotation will at the time of shipment be free from defects in material and workmanship. If, within said warranty period, any such product is found, by YZ Systems following its' examination, to be defective in material or workmanship, YZ Systems' sole obligation under this warranty will be to repair or replace such defective product at its option and expense (excluding freight). YZ Systems does not warrant any products, accessories, or components not manufactured by YZ Systems, but to the extent possible agrees to provide Buyer with the benefits of the manufacture's warranty, if any. YZ Systems shall not be liable for damage to or wear of products caused in whole or in part by abnormal conditions, improper application, improper lubrication, failure to provide proper inlet conditions or flow, corrosives, abrasive or foreign objects, or other causes external to the YZ Systems product.

**THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY INCLUDING BUT NOT BY WAY OF LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.**

8. In the event Buyer claims that YZ Systems has breached any of its obligations under any contract resulting from this quotation, whether in warranty or otherwise, YZ Systems may request and require return of the product and refund the Buyer's purchase price upon YZ Systems' receipt of the returned product. If YZ Systems so requests the return of the product, the product shall be redelivered to YZ Systems in accordance with YZ Systems' instructions and at YZ Systems' expense.

In the event YZ System elects to require return of the product, YZ Systems shall absolutely have no further obligation to Buyer under any contract resulting from this quotation except to refund such purchase price upon redelivery of the product.

**THE REMEDIES PROVIDED FOR IN THIS AND THE PRECEDING PARAGRAPH SHALL CONSTITUTE THE SOLE RECOURSE OF BUYER AGAINST YZ SYSTEMS FOR BREACH OF ANY OF YZ SYSTEMS' OBLIGATIONS UNDER ANY CONTRACT RESULTING FROM THIS QUOTATION, WHETHER THE CLAIM IS MADE IN TORT, CONTRACT OR IN ADMIRALTY, INCLUDING CLAIMS BASED ON WARRANTY, NEGLIGENCE, OR OTHERWISE.**

**NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL YZ SYSTEMS BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, NOR SHALL YZ SYSTEMS' LIABILITY FOR ANY CLAIMS OR DAMAGE ARISING OUT OF OR CONNECTED WITH ANY CONTRACT RESULTING FROM THIS QUOTATION, OR THE MANUFACTURE, SALE, DELIVERY OR USE OF THE PRODUCT, EXCEED THE PURCHASE PRICE OF THE PRODUCT.**

**OF BUYER AGAINST YZ SYSTEMS FOR BREACH OF ANY OF YZ SYSTEMS' OBLIGATIONS UNDER ANY CONTRACT RESULTING FROM THIS QUOTATION, WHETHER THE CLAIM IS MADE IN TORT, CONTRACT OR IN ADMIRALTY, INCLUDING CLAIMS BASED ON WARRANTY, NEGLIGENCE, OR OTHERWISE.**

**NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL YZ SYSTEMS BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, NOR SHALL YZ SYSTEMS' LIABILITY FOR ANY CLAIMS OR DAMAGE ARISING OUT OF OR CONNECTED WITH ANY CONTRACT RESULTING FROM THIS QUOTATION, OR THE MANUFACTURE, SALE, DELIVERY OR USE OF THE PRODUCT, EXCEED THE PURCHASE PRICE OF THE PRODUCT.**

9. In the event (1) Buyer modifies any product sold pursuant to any contract resulting from this quotation without the express written consent of YZ Systems; or (2) Buyer fails to implement any changes in the product directed by YZ Systems; or (3) any product to be furnished under any contract resulting from this quotation is made in accordance with drawings, samples or manufacturing specifications provided or designated by Buyer, Buyer agrees to indemnify and hold harmless YZ Systems from any and all claims, demands, actions or causes of action or costs or expenses incurred thereby whether in contract, tort or admiralty.
10. In the event any product to be furnished under any contract resulting from this quotation is to be made in accordance with drawings, samples or manufacturing specifications provided or designated by Buyer, Buyer agrees to indemnify and hold YZ System harmless from any and all damages, costs and expenses arising from a claim that such product furnished to Buyer by YZ Systems, or the use thereof, infringes any Letters Patent, foreign or domestic, and Buyer agrees at its own expense to undertake the defense of any suit against YZ Systems brought upon such claim or claims. In the event any product to be furnished under any contract resulting from this quotation is not for a U.S. Government application and is not to be made in accordance with drawings, samples or manufacturing specifications provided or designated by Buyer, but rather is the design of YZ Systems, YZ Systems agrees to hold Buyer and its customers harmless against any damages awarded by a court of final jurisdiction in any suit for infringement of any United States Letters

patent by reason of the sale or use of such product as furnished by YZ Systems under any contract resulting from this quotation. In the event any claim is asserted or threatened, as to which Buyer may seek indemnification hereunder, YZ Systems shall have the sole right to contest, compromise, litigate, or otherwise dispose of said claim, including the right to substitute non-infringing products, and Buyer agrees to cooperate with YZ Systems fully with respect thereto. The foregoing undertaking of YZ Systems shall not apply unless YZ Systems shall have been informed in writing immediately by Buyer of any charge or suite alleging such infringement and shall have been given the opportunity to assume the defense thereof, and further, such undertaking shall not apply if (i) the claimed infringement is settled without the consent of YZ Systems, or (ii) the infringement results from the use of a product delivered hereunder which is (a) modified by Buyer or others without authorization by YZ Systems, or (b) used in combination with a product not delivered by YZ Systems where such infringement would not have occurred from the lone use of the product delivered under any contract resulting from this quotation.

11. Any contract resulting from this quotation shall be governed by the Uniform Commercial Code as adopted in the State of Texas as effective and in force on the date hereof. Wherever a term defined by said Uniform Commercial Code is used herein, the definition contained in the Uniform Commercial Code is to control, provided, however, the term "ex factory" shall be as defined in the Incoterms. No action for breach of sale for any contract resulting from this quotation or any covenant or warranty arising there-from, shall be brought more than one year after the cause of action has accrued.
12. Any contract resulting from this quotation may not be modified or rescinded except in writing signed YZ Systems and Buyer. If all or part of any contract resulting from this quotation is terminated by such modification or rescission, Buyer, in the absence of a contrary written agreement between YZ Systems and Buyer, shall pay termination charges based upon costs determined by generally accepted accounting principles plus a reasonable profit, except that any products scheduled for completion within thirty (30) days of Buyer's request for termination or rescheduling will be accepted and paid for in full by Buyer, Buyer shall reimburse YZ Systems for all costs incurred YZ Systems in the settling and payment of claims and administrative expenses incurred by YZ Systems pursuant to any such termination.