

TERMS AND CONDITIONS OF SALE

1. **Effect of Buyer modifications to this quotation.** The price and delivery terms in this quotation are subject to change if Buyer wishes to change any terms of this quotation
2. **Acceptance** of this quotation may be by any reasonable and customary communication. No inconsistent terms in Buyer's purchase orders, such as quantities, delivery schedules, or inconsistent printed text will have any force or effect unless specifically agreed to in writing by Peerless Precision, Inc.
3. **Price increases for materials.** This quotation is based on the present cost of materials. Buyer shall pay Peerless Precision, Inc. for any increase in cost of materials purchased by Peerless Precision, Inc. to fulfill this contract.
4. **Payment terms** quoted are based on the Buyer's present financial condition and record of payment. If any material change arises, Peerless Precision, Inc. has the right to require C.O.D., or other security for payment, or to withhold delivery. Buyer agrees to pay 1.5% per month interest on all invoices unpaid after 30 days (unless other terms have been previously agreed upon between Buyer and Peerless Precision, Inc.). If Buyer defaults in payment, Buyer shall pay Peerless Precision, Inc.'s costs of collection including reasonable attorney's fees, in addition to damages.
5. **No warranties on goods.** The goods sold to Buyer will be as described, and no other express or implied warranties are made by Peerless Precision, Inc., including any warranty of fitness to perform any particular function unless expressly stated in this quotation. Buyer has furnished the drawings and specifications for the goods and Buyer is not relying on Peerless Precision, Inc. to select goods or engineering designs. Therefore, Peerless Precision, Inc. DOES NOT WARRANT THAT THE GOODS ARE NOT FIT FOR ANY PARTICULAR PURPOSE AND MAKES NO WARRANTY OF MERCHANTABILITY, and Buyer indemnifies and holds harmless Peerless Precision, Inc. from any claims or liability arising from any use of the goods subject of this contract.
6. **Raw materials availability.** This contract is contingent upon the availability of raw materials required for the manufacture of the goods. Peerless Precision, Inc. shall not be deemed in breach of this agreement for delay in manufacture or delivery where such raw materials are unavailable or have an extended lead time. In such case, Peerless Precision, Inc. may, at its option, cancel this agreement or deliver to you its pro-rata share of production.
7. **Force majeure.** Peerless Precision, Inc. will not be liable for any delay or failure in performance resulting from labor disputes, war, riot, insurrection, fire, flood, accident, storm, act of God, or other causes beyond its control, or from Peerless Precision, Inc.'s good-faith compliance with any foreign or domestic governmental law, rule, order or regulation, whether or not it later is held invalid.
8. **Special tooling.** Unless otherwise specifically provided in Peerless Precision, Inc.'s quotation, special tooling developed by Peerless Precision, Inc. to complete this contract shall be the property of Peerless Precision, Inc. Special tooling supplied by Buyer or special tooling developed by Peerless Precision, Inc. subject to property ownership of Buyer shall be maintained by Peerless Precision, Inc. with reasonable care at Buyer's risk or loss of damage arising from force majeure events and Buyer is encouraged to provide its own insurance against such loss or damage. In the event Buyer does not claim such special tooling within two years after completion of Peerless Precision, Inc.'s deliveries under this contract, then Peerless Precision, Inc. shall have the right, following 30 days' written notice to Buyer, to dispose of such special tooling without liability to Buyer.
9. **Buyer's request for changes.** Following acceptance of this quotation, any technical, quantity, delivery or other change requested by Buyer shall be in writing and shall be construed as a request to renegotiate the contract without prejudice to the rights of Peerless Precision, Inc. under the contract.
10. **Cancellation or placed on hold by Buyer.** In the event Buyer cancels this contract or places this contract on hold following acceptance of this quotation, Buyer agrees to pay Peerless Precision, Inc.'s expenditures for raw materials, unamortized tooling, labor incurred, handling and overhead, and for all work completed to date and in progress but not yet delivered to Buyer, plus a cancellation charge of 20% of the above amount. This is without prejudice to such other and additional rights are available to Peerless Precision, Inc. under the law.
11. **Incidental charges.** Any special packaging requirements, source inspection by Buyer on the premises of Peerless Precision, Inc., or other requirements not expressly provided for shall be subject to additional charges by Peerless Precision, Inc.
12. **Short count.** Buyer shall be deemed to have accepted the numerical count of goods unless Buyer notifies Peerless Precision, Inc. in writing of any

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claim for short count within 10 days after delivery to Buyer.

- 13. Nonconforming goods.** Goods delivered to Buyer shall be deemed to conform to this contract unless Buyer notifies Peerless Precision, Inc. in writing of any claim of nonconformance within 30 days after delivery to Buyer. Buyer will then await instructions and unless otherwise agreed to in writing by Peerless Precision, Inc. Buyer assumes the full risk and expense of returning goods to Peerless Precision, Inc., including but not limited to damage arising from Buyer's improper packaging. Peerless Precision, Inc. agrees to repair or replace nonconforming goods or allow a credit for nonconforming goods at its option, which shall be the sole liability of Peerless Precision, Inc. with respect to nonconforming goods.
- 14. Customer-supplied raw or semifinished materials.** In the event this contract requires Peerless Precision, Inc. to perform work on raw or semifinished materials supplied by Buyer but not purchased by Peerless Precision, Inc. from Buyer, Buyer shall supply an adequate excess to allow for machining losses. If Peerless Precision, Inc. scraps any such materials, it shall not be liable to Buyer for such scrapped materials. Buyer warrants that any raw or semifinished materials shall be suitable for operations intended to be performed by Peerless Precision, Inc., free of defects in workmanship and material. If found defective during processing, Buyer shall promptly deliver suitable replacements at no charge to Peerless Precision, Inc. Buyer shall pay Peerless Precision, Inc. for all work performed to the time when the defect was discovered.
- 15. Other indemnification.** Buyer agrees to defend at its own expense, indemnify and hold harmless Peerless Precision, Inc. from all claims of patent infringement of trade secret misappropriation arising from its performance under this contract, including damages, costs and attorneys' fees.
- 16. Taxes.** Prices quoted are subject to added charges levied by any government taxing authority, all of which shall be paid by Buyer.
- 17. Construction, modification.** This quotation upon acceptance becomes the entire understanding of the parties with respect to this subject matter and supersedes all representations or understandings relating thereto. It may not thereafter be modified orally, but only in writing, signed by the party to be charged; and, it shall be construed in accordance with the laws of Massachusetts.