

STANDARD TERMS AND LIMITED WARRANTY

1. **GENERAL TERMS.** All sales by The Automation Group, Inc., an Oregon corporation (“Company”) to a purchaser of goods (“Purchaser”) are expressly conditioned upon acceptance of these Standard Terms and Limited Warranty (“Standard Terms”). All sales of items by Company are expressly conditioned upon Purchaser’s acceptance of these Standard Terms, which are the exclusive terms and conditions applicable to Purchaser’s order. Any additional or different terms or conditions included in Purchaser’s order or in any other communication from Purchaser are objected to and rejected by Company and are not binding nor effective unless agreed to in writing by Company. Company expressly reserves the right to revise these Standard Terms at any time. By making a purchase after a revision, Purchaser agrees to be bound by the Standard Terms in effect on the date of sale.

2. **PRICES.** Prices do not include any sales, use, excise, privilege, value added or similar taxes and, where applicable, such taxes shall be a separate item and paid by the Purchaser.

3. **PAYMENT.** Invoiced amounts are due and payable upon receipt, and are not subject to any contingency, offset or hold-back. Amounts not paid within 30 days will accrue interest at the lesser of 1.5% per annum or the highest lawful rate (if any). If, in the reasonable judgment of Company, Company is reasonably insecure about Purchaser’s financial condition at the time of order or shipment, Company may require full or partial payment before any further performance or shipment.

4. **SHIPMENT.** All shipping is FOB point of delivery. Title and the risk of loss for any item passes to Purchaser upon delivery. Company may choose to insure shipments and invoice the cost to Purchaser. Actual shipping dates may vary from quotes.

5. **INTELLECTUAL PROPERTY.** In acquiring any item from Company, Purchaser is not acquiring any right, title or interest in any intellectual property or trade secrets used in the design, assembly, composition, operation or maintenance of such item, or any part of it. Purchaser shall not disclose any proprietary information or trade secrets relating to the item to any third party, and shall not decompile or reverse engineer the item or any part of it, nor allow any third party to do so.

6. **SAFETY ITEMS.** Purchaser shall keep any safety devices on items in good condition and repair and shall not remove or make inoperable any safety device.

7. **LIMITED WARRANTY.** As to items manufactured by Company, Company warrants that such items will be free of defects in material or workmanship for a period specified in a written quote covering the items, or, if no period is specified in the quote or if no quote covers the items, then for 12 months after delivery. Upon notification by Purchaser of a breach of such warranty, as Purchaser’s sole remedy, Company will repair or replace the component or defective portion of the item and will provide all necessary labor for such repair or replacement.

8. **LIMITED WARRANTY—THIRD PARTY ITEMS.** As to items manufactured by third parties, Company warrants that such items will be free of defects in material or

workmanship for a period specified in a written quote covering the items, or, if no period is specified in the quote or if no quote covers the items, then for 12 months after delivery. Company assigns to Purchaser to the greatest extent allowed by law any warranty offered by the third party manufacturer, while retaining to itself the right to pursue a warranty claim if Company repairs or replaces the item. Upon notification by Purchaser of a breach of such warranty, as Purchaser's sole remedy, Company will repair or replace the component or defective portion of the item and will provide all necessary labor for such repair or replacement.

9. **WARRANTY LIMITATIONS.** The above warranties do not cover the regular lifespan of items designed to experience wear and fatigue over time and which need to be regularly replaced. The warranties do not cover any items subject to abuse, misuse, neglect (including improper maintenance or storage, or a failure to maintain), accidents, unauthorized modification (including the use of improper or unauthorized parts or attachments), or the like and any such action will void the warranty as to those items.

10. **PROCESS FOR WARRANTY CLAIMS.** Purchaser shall give Company written notice within 10 days of the discovery any allegedly defective material or workmanship. Purchaser shall give Company full and free access to Purchaser's facility for an inspection by Company and shall fully cooperate with Company in its investigation and warranty service. Purchaser shall return any allegedly defective part to Company upon request and Company will pay the shipping cost. Purchaser shall take any and all action to minimize any damage to Purchaser's machines or systems including, if necessary, discontinuing operation, upon discovery of a defective part.

11. **DISCLAIMER OF WARRANTIES.** Except as to title and the above limited warranties, Company makes **NO OTHER WARRANTIES** of any kind, express or implied. In particular, Company makes **NO WARRANTY OF MERCHANTABILITY** and **NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.** Purchaser acknowledges that it has not relied upon any oral or implied representation of any kind made by Company in connection with the purchase of goods.

12. **LIMITATION ON LIABILITY.** **Under no circumstances, not even a failure of essential purpose of the remedy above and regardless of the nature of or legal basis for any claim, including negligence, will Company be liable for any SPECIAL, CONSEQUENTIAL, INCIDENTAL, OR PUNITIVE DAMAGES of any kind, including but not limited to lost profits or revenue, increased expenses or reduced efficiency, loss of use of products or facilities, the cost or value of labor of any kind, damage to reputation, expenses of litigation or other disputes with third parties, administrative or management time or services, claims of Purchaser's customers or others, and the cost of efforts to mitigate any damages. Under no circumstances will Company be liable for any emotional distress or similar damages. In addition, Company shall not be liable to Purchaser on any claim or set of related claims for a total amount in excess of the purchase price of the item alleged to be nonconforming, defective, or otherwise not provided in accordance with Company's obligations.**

13. **CANCELLATION.** Purchaser may not terminate these Standard Terms or cancel an order unless (a) Company gives its written consent to termination or cancellation; and (b)

Purchaser pays Company a fee in an amount determined by Company based on the project status at the time of termination or cancellation.

14. **ARBITRATION.** Except as otherwise provided in these Standard Terms, any disputes arising out of, related to, or in connection with the sale of the item, including warranty claims, shall be resolved by binding arbitration in Eugene, Oregon, whether arising prior to or after the date of the execution of these Standard Terms. The parties waive any rights they may have to a jury trial. The arbitrator shall be one mutually selected by the parties or, if they cannot agree within 10 days after the service of a notice of arbitration by the aggrieved party upon the other, an arbitrator selected by the Circuit Court of Lane County as provided in ORS 36.645. The exclusive jurisdiction and venue for any action to compel any such arbitration shall be in the Circuit Court of the State of Oregon for Lane County. Such arbitration shall be governed by the provisions of ORS 36.600, *et seq.* Any reference in this paragraph to a particular statute shall apply to any revisions of that statute.

15. **ATTORNEY FEES.** If Company engages an attorney for collection of any amount due, Purchaser agrees to pay Company's reasonable collection costs, including reasonable attorney fees, even if no legal proceeding or arbitration is filed. If any legal or arbitration proceeding is commenced to interpret or enforce any provision of these Standard Terms, including any proceeding under the U.S. Bankruptcy Code, the prevailing party shall recover its reasonable attorney's fees and related expenses (including court or arbitration fees, expert witness fees, transcript costs and other similar expenses) in such proceeding and any appeal thereof, in addition to the costs and disbursements allowed by law.

16. **CHOICE OF LAW; VENUE.** The applicable law for the purpose of interpretation of these Standard Terms, or the enforcement of any rights or obligations hereunder, are the laws of the State of Oregon, exclusive of conflicts of laws principles therein. Any action, proceeding or arbitration arising out of these Standard Terms will be conducted in Lane County, Oregon, and each party consents and submits to the jurisdiction of any courts located there.

17. **INTERLINEATION.** A term that is stricken by interlineation is only binding on the parties if initialed or otherwise acknowledged by both parties.

18. **STANDARDS.** All dates and times are based on United States Pacific Standard Time. All price terms are in U.S. dollars unless otherwise expressly described.

19. **IMPRACTICABILITY.** Company shall not be liable for failure to deliver or for delays in delivery or performance due to (a) causes beyond its reasonable control, such as acts of God, acts of Purchaser, war, governmental intervention, fires, strikes, civil disturbances, criminal acts, delays in its usual source of supply, delays in transportation; or (b) any other commercial impracticability. In the event of any such delay, the date of delivery or performance shall be extended during the continuance of such conditions and for a reasonable time thereafter.

20. **MODIFICATION.** Except as otherwise provided, these Standard Terms cannot be modified except by written agreement signed by the party against whom the modification is enforced.

21. SEVERABILITY. If any provision of these Standard Terms is found by a court of competent jurisdiction to be unenforceable, all other provisions nevertheless continue in full force and effect and that unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent the intent of the parties set forth in these Standard Terms.

THE AUTOMATION GROUP, INC.

CUSTOMER: _____

By: _____

By: _____

Tim Spencer, Controller

Print Name: _____

Title: _____

Date: _____

Date: _____