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LINEAR MEASUREMENT INSTRUMENTS, Corp.

Research, Development and Manufacturing of Precision Measuring Systems

TERMS AND CONDITIONS OF SALE "INTERNATIONAL DISTRIBUTOR"

General

LMI Corporation and Distributor agree that the terms and conditions identified in this document and in any written LMI specification of services to be furnished hereunder shall govern exclusively the sale or licensing by LMI of all hardware, firmware, software and services (collectively referred to as "Products"). The "services" shall include without limitation any programming and commissioning of a monitoring or control system, equipment start-up and repair, application engineering services, on- and off-site classroom training courses, and exchange and repair of Products. No addition or modification to any of the terms and conditions as they appear in this document shall be binding upon LMI unless in writing and signed by an authorized representative at LMI headquarters. LMI objects to other terms and conditions that may be proposed by Distributor.

Quotations

Request for quotation may be made verbally or in written form; LMI will fax or mail all quotations, no verbal pricing will be provided. Except as otherwise specifically provided in the quotation, all written quotations automatically expire unless accepted within thirty (30) days from the date quoted. All stenographic and clerical errors are subject to correction.

Purchase Orders

Purchase order requisitions must be either mailed or faxed to LMI; no verbal orders will be processed.

Special Orders

Special orders are not subject to cancellation or return.

Terms

Orders must be paid by check or electronic transfer of funds before shipment of product will be authorized, unless otherwise stated in writing by the management of LMI. All electronic transfer fees incurred by LMI as the recipient of the transfer are the sole responsibility of Distributor and are to be added to the sum of the electronic transfer.

Shipping Requirements

Shipment will be F.O.B. LMI's factory, warehouse or other point of shipment by LMI, Distributor to pay all shipping, insurance and related expenses. Risk of loss passes to Distributor upon delivery of the Product to a carrier at LMI's factory, warehouse or other point of shipment. Scheduled or stipulated shipping dates are approximate and based upon prompt receipt of all necessary information from Distributor. If shipment is delayed at the request of, or due to acts or omissions by Distributor, LMI shall have the right to store the Products at a place of its own choice at Distributor's risk and expense. LMI will not drop-ship to a third party unless authorized by LMI management. Rush shipments are available at the Distributors expense.

Published Prices

Prices shown in any LMI publication are subject to change without notice and are not to be construed as a definite quotation or offer to sell by LMI. Such publication is maintained only as a source of general information, and any prices shown therein are subject to confirmation with a specific quote. With respect to services, unless otherwise agreed in writing by LMI and Distributor, (i) the price of any services shall be LMI's price thereafter in effect as of the date such services are provided; and (ii) LMI shall have the right to increase or decrease the price of any service, effective with respect to any portion of services which have not been provided as the date of such price change. Service prices are based on a standard work day of 8:00 am to 5:00 pm Monday through Friday. Unless otherwise agreed in writing between LMI and Distributor, services provided outside the standard work day will be charged at one and one-half times the applicable base service rate, except on Sundays and holidays observed by LMI, in which case the services will be charged at two times the applicable base rate. Except for "flat rate" service agreed in writing between LMI and Distributor, billable service time includes all time LMI representatives spend traveling to and from the job site and all time LMI representatives are available for work and waiting (whether on or off the job site) to perform the services. In addition to billable service time Distributor shall pay or reimburse LMI at cost for all travel and living expenses incurred by LMI representatives (in accordance with LMI policies) in the course of providing services to Distributor, including without limitation hotel, meals, air, rail, bus or taxi transportation, car rental, and automobile mileage cost reimbursement, if a personal vehicle is used.

Canceled Orders

A 25% restocking fee will be invoiced for any order canceled past forty-eight (48) hours after receipt of order by LMI. Special orders or "non-stock" orders cannot be canceled.

Return of Equipment

Refunds are not available; returns are for "Credit only". LMI reserves the right to accept or reject any return. Credit will be given only on unused items in resalable condition. Returns must be made within 90 days of date of invoice and shipped freight prepaid. The maximum allowable dollar value of product returned from any single invoice is three thousand dollars (\$3000.00), unless authorized by LMI management. There will be a 25% restocking charge. There will be a 20% restocking fee for all "TP" TruPosition products. All returns must be accompanied by a Return Materials Authorization Form provided by LMI. Auto-Gage products, LMI 700 Series gages, "special" orders and other select LMI products cannot be returned for credit or exchange.

- * Credit will be given only on unused items that are in re-salable condition. AutoGage Products, LMI 700 Series Gages, "Specials" and other select LMI products cannot be returned for credit or exchange.
- Credits must be used within 12 months of issue date.

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LMI Corporation

Exchange of Equipment

There will be a re-stocking charge for exchange as follows: (i) 15% restock with exchange for product of equal or greater value than product returned; (ii) 20% restock with exchange for product of lesser value that the product returned (must be at least 70% of purchase price of product returned); and (iii) 25% restock for return with no exchange. There will be a 20% restocking fee for all "TP" TruPosition products regardless of any exchange value. All products returned for exchange must be accompanied by a Return Materials Authorization Form provided by LMI.

Repair of Equipment

All products returned for repair must be accompanied by a Return Materials Authorization Form provided by LMI. A \$50.00 evaluation fee is applied to all repairs; the evaluation fee is waived upon receipt of a repair purchase order. Repair charges are based upon time and materials, unless otherwise covered under manufacturer's warranty.

Taxe

The Distributor shall pay or reimburse LMI for all sales, use, excise or similar taxes.

Scope Changes

All changes affecting Products, delivery date or otherwise affecting the scope of the order are to be documented in writing and subject to prior approval at LMI. All changes approved by LMI may result in price, delivery, specifications, and/or other changes.

Warranty

Hardware

Unless otherwise provided in writing and approved by LMI management, LMI Corporation warrants that product manufactured by LMI (except software and firmware) for a period of twelve (12) months from date of invoice that all hardware furnished under the order will be of merchantable quality free from defects in material, workmanship and design each as determined, at the date of shipment by LMI, by generally recognized, applicable and accepted practices and procedures in the industry-to include any specifications as specifically agreed to in writing by LMI prior to the date of shipment. LMI will not be liable for any design furnished by customer and incorporated into hardware. Hardware includes products purchased by LMI for sale with the hardware manufactured by LMI when the decision to include such products is solely that of LMI. Otherwise, any warranty applicable to such products shall be limited solely to the warranty extended to LMI by the original manufacturer. Repaired or replacement hardware is warranted for a period of thirty (30) days from the date of shipment by LMI, or the remainder of the original warranty term, whichever is longer.

Software/Firmware

Unless otherwise provided in writing and approved by LMI management, LMI warrants for a period of sixty (60) days from date of invoice that all software furnished under the order will perform in accordance with published or other written specifications prepared, approved, and issued by LMI, when used with specifically identified hardware. In any event, LMI makes no representation or warranty, express or implied, that the operation of the software or firmware will be uninterrupted or error free, or that the functions contained in the software or firmware will meet or satisfy the Distributor's intended use or license agreement or LMI extended support agreement. Software and firmware corrections are warranted for a period of thirty (30) days from the date shipped by LMI, or the remainder of the original warranty term, whichever is longer.

Interface Accessories

Unless otherwise provided in writing and approved by LMI management, LMI warrants for a period of thirty (30) days from date of invoice that all interface accessories, such as cords and connectors, furnished under the order will be of merchantable quality free from defects in material, workmanship and design each as determined, at the date of shipment by LMI, by generally recognized, applicable and accepted practices and procedures in the industry-to include any specifications as specifically agreed to in writing by LMI prior to the date of shipment. Repaired or replacement cords or connectors are warranted for a period of thirty (30) days from the date of shipment by LMI.

Satisfaction of Warranty

Satisfaction of this warranty, consistent with other provisions herein, will be limited to the replacement, or repair or modification of, or issuance of a credit for the Products involved, at LMI's option, only after the return of such Products in accordance with Return of Equipment. Any warranty service (consisting of time, travel and expenses related to such services) performed other than at LMI's factory, shall be at Distributor's expense. Such warranty satisfaction is available only if (a) LMI is promptly notified in writing upon discovery of an alleged defect and (b) LMI's examination of the subject Products discloses, to its satisfaction, that any alleged defect has not been caused by misuse, neglect, improper installation, improper operation, improper maintenance, repair, alteration or modification, accident, or unusual deterioration or degradation of the Products or parts thereof due to physical environment or due to electrical or electromagnetic noise environment. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESSED, IMPLIED OR STATUTORY INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS and thereby excludes certifications or the like for product performance, use or design with respect to any standard, regulation or the like (unless and to the extent independently approved in writing by LMI) and extends only to Distributor purchasing from LMI or an authorized LMI Reseller.

Limit of Liability

In no event, regardless of cause, shall LMI assume responsibility for or be liable (a) for penalties or penalty clauses of any description, or (b) for indemnification of Distributor or others for costs, damages, or expenses each arising out of or related to the Products of this order, or for certification, unless otherwise specifically authorized in writing by LMI.

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