

## STANDARD TERMS AND CONDITIONS OF SALE – LIMITED WARRANTY

The following terms and conditions are a part of any order placed by Purchaser and accepted by SOMARAKIS, INC. If attached to a quotation from SOMARAKIS, INC., these terms and conditions are incorporated into and a part of that quotation. Any changes, deletions or provisions differing from these terms and conditions that may be proposed in Purchaser's order are rejected unless specifically accepted in writing by SOMARAKIS, INC.

**LIMITED WARRANTY:** SOMARAKIS, INC. warrants that its products will be free from defects in materials and workmanship for a period of 36 months from date of shipment. This warranty excludes (i) decomposition of product parts by chemical action and (ii) product wear caused by abrasive materials. This limited warranty does not apply to motors, electrical accessories, electrical accessory component parts, or other components purchased by SOMARAKIS, INC. and incorporated into its products. Purchaser's sole remedy for defects in any incorporated product will be against the manufacturer of the incorporated product or the warranty made by that manufacturer. SOMARAKIS, INC.'s limited warranty does not apply to any product that has been subjected to misuse, neglect, accident, improper installation or repair, or any use contrary to the instructions of SOMARAKIS, INC. Purchaser must notify SOMARAKIS, INC. in writing of any product defect within 36 months after the date of shipment. Purchaser's only remedy under this limited warranty is the return of the defective product, freight prepaid, to SOMARAKIS, INC.'s plant in Vancouver, Washington, for replacement or repair at the election, within the sole discretion, of SOMARAKIS, INC. SOMARAKIS, INC. will not be responsible for any disassembly or other costs incurred by Purchaser in connection with returning the defective product to SOMARAKIS, INC., or any reinstallation costs incurred by Purchaser after the product's repair or replacement.

For a period of eighteen (18) months from date of shipment, the SOMARAKIS, INC. product will perform as represented by SOMARAKIS, INC., in writing, if it is properly used and maintained in accordance with SOMARAKIS, INC.'s written instructions. Purchaser's only remedy under this limited warranty of performance is, at SOMARAKIS, INC.'s choice, either (i) field modification of the product at SOMARAKIS, INC.'s expense or (ii) refund of the purchase price, excluding Purchaser's freight cost, installation costs, and the cost of associated equipment not purchased from SOMARAKIS, INC. The choice of remedy is within the sole discretion of SOMARAKIS, INC. If SOMARAKIS, INC. elects to refund the purchase price, refund will be payable thirty (30) days after Purchaser returns the product, freight prepaid, to SOMARAKIS, INC.'s designated facility.

**DISCLAIMER OF OTHER WARRANTIES:** THE FOREGOING LIMITED WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE.

**SHIPPING POLICY:** Delivery dates specified in an invoice, quotation or other writing are estimates only. SOMARAKIS, INC. will not be responsible for any damages or costs incurred by Purchaser by reason of any delay in delivery, unless, and only to the extent that, SOMARAKIS, INC. has specifically agreed in writing to reimburse Purchaser for those damages or costs. Unless otherwise specified in SOMARAKIS, INC.'s quotation, the product will be packed for domestic shipment only. If shipment is postponed at Purchaser's request or for any reason attributable to Purchaser, payment of the purchase price will be due upon notice from SOMARAKIS, INC. that product is ready for shipment. Purchaser will pay all handling costs or other expenses incurred by SOMARAKIS, INC. as a result of a shipment delay requested by or attributable to Purchaser.

**TERMS:** All sales are Ex Works Vancouver, Washington (as that term is defined in *Incoterms 2000*, a publication of ICC Publishing). All prices are in U.S. Currency, Ex Works Vancouver, Washington, for truck or rail shipment. Freight charges are not included unless expressly stated in an attached quotation. All quotations expire sixty (60) days after the date thereof unless specifically revoked earlier. SOMARAKIS, INC.'s prices do not include any sales, use, excise, or similar taxes, or any export, import or other duties. Terms of payment are net thirty (30) days from date of invoice, and unless shipment is delayed by causes beyond SOMARAKIS, INC.'s reasonable control, equipment will be shipped and invoices rendered on the same date. SOMARAKIS, INC. reserves the right to charge interest on overdue accounts at the rate of 1½ percent per month. All cancelled orders will be subject to cancellation charges in accordance with SOMARAKIS, INC.'s order cancellation rates.

**PATENTS:** SOMARAKIS, INC. agrees to defend any action or suit against Purchaser for any claim of infringement of any United States patent on account of equipment primarily designed and manufactured by SOMARAKIS, INC. Purchaser will notify SOMARAKIS, INC. of any claim or threatened claim of infringement within ten (10) days after learning of the claim or threatened claim. Purchaser will cooperate fully with SOMARAKIS, INC. in the defense of that claim. If equipment supplied under this contract cannot be used by Purchaser because of an injunction resulting from the infringement suit, SOMARAKIS, INC. will in its sole discretion (i) obtain for Purchaser the right to continue using the equipment, (ii) replace the equipment with non-infringing equipment, or (iii) refund the purchase price of the equipment and transportation costs incurred by Purchaser in connection with the equipment.

**CODES, SAFETY APPLIANCES, ETC.:** If local laws or conditions require safety precautions, such as guards, code welding, or special electrical enclosures, other than those called for by SOMARAKIS, INC.'s drawings and specifications, SOMARAKIS, INC. will use commercially reasonable efforts to satisfy those requirements at Purchaser's written request and expense, subject to Purchaser's delivery to SOMARAKIS, INC. of proper specifications before commencement of manufacture.

**LIMITATION OF DAMAGES:** SOMARAKIS, INC. WILL NOT BE LIABLE TO PURCHASER FOR LOSS OF PROFITS OR INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY OR INCIDENTAL DAMAGES OF ANY KIND, HOWEVER CAUSED, ARISING OUT OF OR RELATING TO ANY ORDER PLACED BY PURCHASER OR ANY PRODUCT SOLD BY SOMARAKIS, INC. TO PURCHASER.

**MISCELLANEOUS:** Any order placed by Purchaser will not be binding upon SOMARAKIS, INC. until accepted by SOMARAKIS, INC. in writing at Vancouver, Washington. The contract is a Washington contract. Any quotation, these terms and conditions, and any order placed by Purchaser will be interpreted under, and any dispute between the parties will be governed by, the laws of the State of Washington, without regard to its conflict of laws principles. Purchaser irrevocably consents to the exclusive jurisdiction of and venue in the state and federal courts located in the State of Washington for all actions arising out of or relating to any order placed by Purchaser or to any product sold by SOMARAKIS, INC. to Purchaser. Paragraph captions are for convenience only and will not affect the meaning or interpretation of these terms and conditions of sale.

The above Standard Terms & Conditions of Sale / Limited Warranty are effective as of September 1, 2006.