

## **Sales Order Terms & Conditions**

The following Terms and Conditions (hereinafter "Agreement") constitute an integral part of any offer made by Hydraulics International, Inc. (HII) to sell goods to a proposed Buyer (hereinafter "Buyer"). Buyer's acceptance of goods pursuant to any resulting Sales Order shall operate as assent and an agreement by Buyer to all terms and conditions contained in this Agreement.

1. **Sales Prices.** Prices listed on the Sales Order do not include any city, state, or federal excise taxes and when applicable, those taxes will be listed as a separate charge to be paid by Buyer. If an exemption from a tax is claimed, supporting documents must be furnished by Buyer prior to delivery. Any and all sales quotations provided by Hydraulics International, Inc. (HII) to Buyer shall automatically expire thirty (30) calendar days from the date issued, unless otherwise stated on the Sales Order.
2. **Delivery and Risk of Loss.** All goods shall be shipped at Buyer's expense and all shipments under the Sales Order are F.O.B. HII's warehouse in Salt Lake City, Utah. All risk of loss shall pass to Buyer at time of shipment regardless of the method of shipment that may be elected by Buyer. All products on the Sales Order must be accepted by Buyer within 12 months of the Sales Order commencement date.
3. **Terms of Payment.** All payments shall be due thirty (30) days after the date of HII's invoice, unless otherwise stated on the Sales Order. All payments made after thirty (30) days from the date of the invoice, or after the stated term on the Sales Order, shall be subject to a service charge of one and one-half percent (1.5%) per month based on the outstanding balance.
4. **Cancellations.** Buyer may not cancel or change a Purchase Order or Sales Order without the written consent of HII and in no case if the product is scheduled to ship within thirty (30) days of the request. If Buyer desires to cancel or change an open order, Buyer must deliver a written request for cancellation to HII's office. HII shall be entitled to cancellation charges equal to the cost of work completed and/or custom materials purchased.
5. **Nonconforming Goods.** Buyer shall inspect all goods delivered by HII, and notify HII, in writing, within ten (10) days describing the nature of any nonconformity. HII shall have the right and option to repair or replace any nonconforming goods. The failure of Buyer to notify HII in writing that the goods are nonconforming within ten (10) days of delivery, shall constitute acceptance of the goods and Buyer shall be liable to HII for the total Sales Order price.
6. **Limitation of Liability.** The Seller's maximum liability arising from any cause whatsoever, including but not limited to breach of contract, tort (including negligence), strict liability or otherwise shall not exceed the Contract Price. In applying this limitation, any damages paid or payable to the Buyer by the Seller as well as any expense incurred by the Seller, under the Patent provision, Product Warranty and Performance Guarantees shall be credited against the Seller's maximum liability.
7. **Warranties.** Seller warrants that goods supplied pursuant to the Sales Order shall conform to the description therein stated and shall be free from defects in material or workmanship. This warranty shall be effective for a period of one (1) year from the date of delivery of the goods to Buyer. The Seller disclaims all other warranties, express or implied, oral or written, including, without limitation, the implied warranties of merchantability and fitness for a particular purpose.
8. **Special Orders.** If any goods are manufactured by HII, or its suppliers, to meet Buyer's particular specifications or requirements, Buyer shall indemnify and hold HII harmless from

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any and all claims arising from the purchase, use, or sale of the special goods, and from any related costs, attorneys' fees, expenses, or liabilities incurred by HII.

9. Law and Procedure. This Agreement, the Sales Orders to which it applies, and the transaction described therein shall be subject to, construed under and enforced according to the laws of the State of Utah.

10. Remedies. In the event that Buyer is in default or otherwise breaches the Sales Order or this Agreement, HII shall be entitled to pursue any and all remedies, legal or equitable including an action to recover the total Sales Order price, as well as its costs of enforcing the Sales Order, including, without limitation, its attorneys' fees. In the event that HII is in default or otherwise breaches the Sales Order, the liability of HII to Buyer for such breach or default shall be limited to the replacement value of the goods under the Sales Order which is the sole and exclusive remedy of Buyer for any such breach or default