



Conditions of Purchase and Warranty

The Conditions of Purchase contained herein apply to the purchase of any machine, part of any machine, piece of equipment, or any other item, article, or device manufactured, assembled, or sold by PHI. The term "Seller" as used herein shall mean PHI. The term "Purchaser" as used herein shall mean any person, company, corporation, or other entity who purchases, buys or acquires, for any consideration whatsoever, anything from the Seller. Date of purchase shall be the date shown on the invoice. Should there be more than one (1) invoice for the same item, the invoice with the earliest date shall determine the date of purchase.

Notwithstanding any different or additional terms that may be embodied in your order, this acceptance is expressly conditional on your assent to the additional or different terms and conditions set forth below and on pages hereof. If these terms and conditions are not acceptable, you should notify us at once.

Prices

1. Prices quoted are subject to change without notice subject to Seller's pricing policies.
2. In any event prices become invalid thirty (30) days after a proposal, unless otherwise stated.
3. Prices do not include any applicable taxes.
4. All prices are Ex Works (EXW) PHI, City of Industry, CA, USA unless otherwise stated.

Limitation of Liability

The remedies provided herein are the sole remedies of Purchaser. No oral agreement, representation, or warranty respecting said machine(s) shall bind Seller. The conditions contained herein may not be changed or terminated except by written agreement between the parties.

OTHER THAN THOSE WARRANTIES SET FORTH IN THESE CONDITIONS OF PURCHASE AND WARRANTY, SELLER EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS SUPPLIED UNDER THIS AGREEMENT. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR TORT DAMAGES; DAMAGES ARISING FROM EQUIPMENT DOWN-TIME; OR EXEMPLARY OR PUNITIVE DAMAGES, WHETHER RESULTING FROM LOSS OF USE, DELAY OF DELIVERY, LOSS OF PROFITS, LOSS OF BUSINESS OR OTHERWISE ARISING OUT OF OR IN CONNECTION WITH THE PRODUCTS, THE PERFORMANCE OF THE PRODUCTS, OR SELLER'S PROVISION OF THE PRODUCTS OR OTHER EVENTS RELATING TO THE PRODUCTS, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Seller's Warranty

The equipment is warranted to be free from defects in material and workmanship under normal and proper usage when owned by the original Buyer. Seller's sole obligation under this warranty is limited to replacing and repairing parts, which they may determine to be defective within the twelve (12) month warranty period. Seller will replace or repair, at its option, without charge, any part of any machine

manufactured by Seller which proves to be defective in material or workmanship, provided the defective part is shipped to Seller's factory, transportation charges prepaid, at any time within twelve (12) months from the date of shipment, and proves to be defective upon inspection by Seller. Results of ordinary wear and tear, improper operation or maintenance, or use of corrosive or abrasive materials shall not be considered a defect in material or workmanship. This warranty covers only those parts manufactured by Seller. Seller makes no warranty as to any other part, and Purchaser shall have, as to such part, only the benefit of such warranty as its manufacturer may give and which, by terms of such warranty, is available to Purchaser from the Seller. Any modifications to the equipment sold by Seller, which have not been authorized by Seller, void this warranty and any product liabilities. If Seller repairs or replaces a part pursuant to the terms of this warranty, Seller's warranty will not extend beyond twelve (12) months from the original date of purchase of the machine. In the event specifications still cannot be met, the Buyer, as its only remedy, may cancel the transaction and receive the return of any amounts paid. In no event shall the Seller be responsible for any special, incidental, consequential or tort damages, damages arising from equipment downtime, or exemplary or punitive damages, whether resulting from loss of use, delay of delivery, loss of profits, loss of business or otherwise arising out of or in connection with the goods, the performance of the goods, or Seller's provision of the goods or other events relating to the goods even if Seller has been advised of the possibility of such damages.

Delivery

The shipping schedule(s) stated in the Proposal and order acknowledgement are "estimated" and shall not be construed as "firm" or "definite" shipping dates. Seller shall not be liable for delay caused by fires, floods, accidents, hazards, or transportation, strikes, labor conditions, acts of terrorism, war, domestic unrest, material shortages, including delay of material from Seller's usual sources of supply, governmental legislation or regulations, or any cause beyond Seller's control. In any such event, the date of delivery shall be extended a number of working days equal to the number of working days lost by the delay. Seller will consign shipments to the freight forwarding agent or other party as noted in Purchaser's purchase order. If delivery point is other than Seller's premises, the Buyer is responsible for transportation and any damages, which may have been caused after equipment has left Seller's premises. Buyer is responsible for unpacking and placement of equipment onto its site.

Acceptance

1. Any offer to purchase shall not constitute an order until accepted by Seller.
2. Accepted orders are not subject to cancellation by the Buyer unless agreed to on terms acceptable to Seller including payment of all costs and expenses plus a minimum of 15% cancellation charges.
3. Acceptance of the equipment shall constitute a waiver of all claims for damages caused by delay in shipment or damages to the equipment.

Title and Lien Rights

1. Title to the equipment shall remain with Seller until the purchase price has been fully paid in cash (including any taxes or late charges).
2. To secure this payment, upon acceptance Buyer grants Seller a purchase money security interest on all equipment covered.
3. The equipment shall remain personal property regardless of how affixed to any realty or structure.

OSHA and Electrical Codes

1. The equipment covered does not necessarily comply with any codes or standards unless specifically quoted, ordered, and so accepted.
2. When compliance with OSHA is provided, it is based on Seller's understanding of the construction standards in effect at the time of acceptance only.
3. Complete compliance with OSHA, and particularly regarding point of operation guarding, are the responsibility of the Buyer and User and not of Seller.

Burden of Risk

All risk of damages to or loss of the machine(s) at any time after shipment from Seller's factory is assumed by Buyer, and such damage or loss shall not in any way release Buyer from any of its obligations under this agreement. Prices do not include, and Buyer shall be responsible for, all transportation costs, and all custom, excise, use, sales and other taxes.

Installation

Buyer is to make, at his own expense, all service connections necessary for the operation of any machine purchased from Seller.

Work on Customer's Premises

If Seller's work under this order involves operations by Seller on the premises of Buyer or one of Buyer's customers, Buyer shall take (or cause its customer to take) all necessary precautions to prevent occurrence of injury to person or property, including personnel and property of Seller, during the progress of such work; and except as and to the extent that such injury is due solely and directly to Seller's negligence, Buyer hereby indemnifies and agrees to defend and hold Seller harmless against all claims, demands, liabilities, or loss (including reasonable attorneys' fees) which may result in any way from any act or omission of the Buyer, its agents, employees, subcontractors, or customers.

Right to Modify

The Seller reserves the right to modify or change the equipment, in whole or in part, at any time prior to delivery thereof, in order to include therein electrical or mechanical refinements deemed appropriate by Seller, but without incurring any liability to modify or change any equipment previously delivered, or to supply new equipment in accordance with earlier specifications.

Intellectual Property

Ownership of all intellectual property embodied by the goods shall, at all times, remain with the Seller. This contract shall be governed by and construed in accordance with the laws of the State of California applicable to a contract executed and performed in California, without giving effect to the conflicts of laws principles thereof. The parties to this contract each hereby agree that any and all claims arising



under or related to this contract shall be brought solely and exclusively in a state or federal court sitting in Los Angeles, California and agree and consent that service of process may be made upon them or any of their respective heirs, successors, assigns or subsidiaries in any legal proceeding relating to this contract by any means allowed under California or Federal law. The parties to this contract each waive, to the fullest extent permitted by applicable law, any objection that any of them may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claims that any such proceeding brought in such a court has been brought in an inconvenient forum.

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