

C. DAVIS SYSTEMS & SOFTWARE, L.L.C. – STANDARD TERMS & CONDITIONS

I. PRICING AND TERMS OF QUOTATION

This Quotation (Quote) shall be deemed an offer by C. Davis Systems and Software, L.L.C. (CDSS) to design, build and sell a custom System exclusively to the Buyer therein named, subject exclusively to the terms and conditions herein stated. Any additional terms appearing in Buyers Purchase Order or elsewhere shall not be construed to create a binding contract on CDSS. This Quotation is not subject to partial acceptance or modification without written consent of CDSS.

II. PAYMENT TERMS

CDSS will begin work on this project upon receipt of a Purchase Order referencing this Quote and payment of 50%. 40% is due upon Acceptance of this system at CDSS' facility per the criteria of this Quote. The system will be shipped upon receipt of this payment. The final 10% is due upon delivery to customer and Buyer's Acceptance of the system, or within 15 days of delivery. Change Orders will be expeditiously Quoted for cost and time required. As an Oregon Company CDSS does not collect State sales tax. If state taxes apply to Buyer, Buyer is responsible. Buyer is likewise responsible for any other taxes, tariffs or government fees which may be assessed re the machine sale.

III. QUOTE CANCELLATION & REFUNDS

In the unusual scenario where CDSS has received the initial 50% payment, and then determines that the Quote is not feasible for whatever reason, CDSS will issue a full refund to the Buyer. Cancellation of a Quote due to lack of feasibility will be in the sole discretion of CDSS. This refund will be the only remedy for Buyer regardless of any other damages occasioned by Quote Cancellation, and will be the only scenario wherein a Refund of prior payments is issued.

IV. DELIVERY DATES ARE ESTIMATED ONLY

The actual time required to build custom automation systems is inherently unpredictable. Times for delivery shall be regarded as estimated only. Buyer by accepting these Terms and Conditions via a Purchase Order referencing this Quote shall be deemed to have waived any damages arising out of any delay for any reason.

V. F.O.B. POINT & SHIPPING CHARGES

All items are quoted F. O. B. origin: Buyer is responsible for all shipping logistics. To maintain Warranty, CDSS may stipulate the type of shipment. CDSS recommends Buyer insure shipment for replacement value as loss or damage in shipment falls on Buyer.

VI. SYSTEM ACCEPTANCE

All systems are custom built to each individual customer's specifications and metrics as delineated in the Quote and shall be deemed acceptable, and thus Accepted, if system meets the performance requirements in the Quote. CDSS standard reliability specification is 99.9%. A Functional Demonstration of the System's performance as per the Quote will be held at CDSS' facility in Portland Oregon. The Buyer is invited to send personnel to attend this Demonstration. Successful completion of this Functional Demonstration shall constitute Acceptance of the System. After receipt of second payment (40%), the completed system will be made available for whatever shipping logistics arranged by the Buyer.

VII. SAMPLES OF COMPONENTS

CDSS is unable to begin work on any System until receipt of all the various components that will be run in the system, including ADEQUATE QUANTITY OF SAMPLES FOR DESIGN AND TESTING (AS PER QUOTE) AND ALL RELEVANT PART NUMBERS, TECHNICAL DRAWINGS, ETC. Any delay in Buyer's provisioning of these necessary materials and information will shift estimated delivery time by an equal amount. Such sample materials must be suitably packaged and conform to Buyer's required dimensional tolerances. "Dummy" parts (i.e. non-functional but physically conforming) are acceptable, providing that they enable design and testing.

C. Davis Systems will build a System which is capable of processing the Sample Components provided as per the Quote, to be shown at the Functional Demonstration prior to Acceptance.

Any later System issues due to Buyer's provisioning of incorrect samples to CDSS for design and testing are explicitly disclaimed and not covered by Warranty. Any rework required due to incorrect provisioning of samples by Buyer will be at Buyer's expense and accomplished via a new Quote. Any rework necessary during development and testing prior to acceptance or delivery due to Buyer's provision of incorrect samples, part numbers, technical drawings, etc will be charged at CDSS' standard day rate. payment for such incurred rework time will be required before resumption of work.

Sample Components used for design and testing purposes (and any assemblies produced) will be returned to the Buyer in "as is" condition upon Buyer's request. Otherwise, CDSS will retain or dispose of any remaining materials as they see fit. CDSS will exercise reasonable care in accounting for any components specifically identified as being especially valuable, however, CDSS assumes no liability whatsoever for lost or damaged tryout or run-off components.

VIII. TRAINING

Training for this System will be provided to Buyer at no additional charge at CDSS facility in Portland Oregon, and will also be available remotely via phone or web-conference. CDSS encourages this Training as damage due to untrained personnel voids warranty. Training at Client Site is not included unless explicitly provided for.

IX. INSTALLATION

CDSS will provide instructions on installation. Unless otherwise stated, the Quote does not include any materials or services subsequent to shipment such as, but not limited to: mounting; factory or site preparation; leveling, plumbing or wiring of the machine; or any on-site installation. On-Site Installation MAY be available at an additional charge within the U. S. of A., at additional cost, unless otherwise stated.

X. PROPRIETARY STATEMENT

This Quote and/or other documents or instruments part of this Quote process are the property of CDSS which is being shared with Buyer to further the sale of a custom system to Buyer. It may not be duplicated or shared or otherwise disseminated without the written permission of CDSS. The ideas and concepts contained herein are proprietary, classified as confidential and CDSS represents that any unauthorized dissemination will result in material harm to CDSS.

XI. EQUIPMENT WARRANTY

CDSS warrants the equipment shall be free from defects in workmanship and material for 1 year (365 days) after date of acceptance and start-up, provided acceptance and start-up is within thirty (30) days of shipment. If not, the one year warranty begins at date of receipt of equipment. CDSS shall, if given prompt notice by Buyer, repair, replace or modify the defective part. All parts are subject to the following: repairs or replacements pursuant to warranty shall not renew or extend the original equipment warranty period, however, any such repairs or replacements shall be warranted for the time remaining for the original period.

XII. WARRANTY SERVICE

Repair or Replacement under Warranty shall be exclusive of any costs for removal or installation, freight, insurance, or travel. Buyer shall at their expense ship machine to CDSS for Warranty work. If in the sole judgment of CDSS it is determined that repairs must be made at Buyer's location, Buyer shall be responsible for all travel costs.

XIII. SOFTWARE WARRANTY

Except as otherwise provided in any software license agreement between CDSS and Buyer, CDSS makes no warranty whatsoever, including but not limited to implied warranties of merchant ability and fitness for a particular purpose, with respect to software and related intangibles.

XIII. CONDITIONS & LIMITATIONS OF WARRANTY

This warranty shall not apply to any equipment or parts which have been: a) Improperly installed, repaired or altered; b) Subjected to misuse, negligence or accident; c) Used in a manner contrary to CDSS operating and maintenance procedures; d) Operated or maintained by unqualified and/or untrained personnel.

THE ABOVE WARRANTIES AND REMEDIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REPRESENTATIONS, SPECIFICATIONS, WARRANTIES AND REMEDIES EITHER EXPRESSED OR IMPLIED OR WHICH MIGHT ARISE UNDER LAW OR EQUITY OR CUSTOM OR TRADE INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANT ABILITY AND OF FITNESS FOR A SPECIFIED OR INTENDED PURPOSE. THE REMEDY SPECIFIED REPRESENTS THE SOLE LIABILITY OF CDSS AND THE SOLE REMEDY OF BUYER WITH RESPECT TO OR ARISING OUT OF THE EQUIPMENT OR SERVICES, WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR OTHERWISE.

XIV. LIMITATIONS ON RIGHT TO USE SOFTWARE

CDSS owns and has all rights to certain proprietary computer software. As part of the sale made hereunder, Buyer obtains a limited right to use certain proprietary software identified in CDSS' proposal, subject to the following: a) The proprietary software may be used only in conjunction with the CDSS equipment; b) The proprietary software is to be kept confidential; c) The proprietary software shall not be copied, reverse engineered, or modified. Buyer's right to use the proprietary software shall become effective upon delivery and shall continue until Buyer no longer uses the related equipment or until otherwise terminated hereunder. The rights to use the proprietary software are non-exclusive, and non-transferable, except by prior consent of CDSS.

XV. CONDITIONS

The Price and Terms of this Quote are not subject to verbal changes or other agreement unless submitted in writing and agreed to by CDSS. The Quote is contingent upon strikes, accidents, fires, availability of materials, equipment and all other causes beyond CDSS control. The Quote is based upon costs and conditions existing at the time of submission of the Quote.

In view of the variances involved in individual productivity rates and other operating conditions outside of CDSS control, any statement in this or other related documents relating to production capacities are estimates only based on normal operating conditions current in USA industries. Accordingly, CDSS makes no warranties expressed or implied with respect to productivity levels unless specifically stated otherwise in writing.

XVI. CHANGE ORDERS

Any changes to the Quote requested by Buyer after CDSS has begun work on a Purchase Order and prior to System Acceptance, must be accomplished by a Change Order. Modifications of Quote requiring a Change Order includes any changes in requirements for Acceptance, scope of work, the contract sum, the project schedule or any other material change to the terms of the Quote.

A Change Order is a written order to CDSS signed by Buyer requesting specific modification(s) to an existing Quote in the form of a new Purchase Order from Buyer. A Change Order signed by CDSS constitutes its agreement to such change. A Change Order only becomes effective after both full execution by both Buyer and CDSS, and receipt of any additional payment agreed to in the Change Order. CDSS shall, upon Buyer's request, promptly provide quotation with drawings, designs and/or specifications to permit CUSTOMER to evaluate the cost of such a change and prepare a Change Order.

XVII. TERMINATION OF PURCHASE ORDER

If Purchase Order is terminated for any reason, the Buyer agrees pay all costs incurred by CDSS up to termination date, including any parts or materials purchased and time spent, to be assessed at CDSS' Standard Day Rate.

XVIII. GOVERNING LAW & VENUE

The laws of the State of Oregon and the United States of America shall govern the validity, construction, enforcement, and interpretation of this Contract, without regard to the conflict of laws provisions thereof. All claims, disputes and other matters in question arising out of or relating to this Contract, or the breach thereof, shall be decided by proceedings instituted and litigated in a court of competent jurisdiction in the State Oregon in the United States of America, and the parties hereto expressly consent to the venue and jurisdiction of such court.

XIV. ENTIRE AGREEMENT

No modifications to these terms and conditions shall be binding unless in writing and signed by an authorized representative of CDSS. A CDSS Quotation is an offer to do specific work, at a specific price, exclusively within the framework of these Terms.