

## GENERAL SALES POLICIES

SEPTEMBER 2006

### I. TERMS OF PAYMENT

Our terms on approved credit are Net 30 Days, F.O.B. Factory, Los Angeles, California. Purchaser agrees that interest charges of 1 1/2 % per month, or the legal limit, whichever is less, shall accrue on all amounts not paid in full within 30 days of purchase.

### II. CREDIT POLICY

Barksdale reserves the right to approve or disapprove the credit of any customer. For these customers whose credit is not approved, all shipments may be made C.O.D. or cash in advance at the option of the Credit Department until their credit is approved or re-established.

### III. MINIMUM BILLING POLICY

The minimum billing for any order is \$2,000.00 NET with the exception of OEM's and Channel Partners which will have a \$100.00 minimum billing. However, any spare parts order for less than \$15.00 will be shipped gratis, with a copy of the customers order used as a packing list and no invoice issued.

### IV. POLICY FOR CANCELLATION OF ORDERS FOR CUSTOMER CONVENIENCE

- A. Standard Catalog Items:  
All cancelled orders for undelivered items are subject to a 10% cancellation charge on the net order, or \$100.00 whichever is greater.
- B. Special Units:  
Cancellation charges will apply on any non-standard items, i.e., items not shown in our catalog or published literature, and will be based on the applicable engineering, development, tooling, material, and fabrication costs involved.

### V. POLICY FOR RETURNED MERCHANDISE

- A. Returned goods will not be accepted for credit without prior written authorization from the factory, and if authorized must be prepaid. Should material be found faulty, purchaser will be reimbursed for transportation charges. No electronic devices will be accepted for credit.
- B. The following handling fee will be charged on all non-defective standard catalog items accepted for credit, subject to \$50.00 minimum handling charge.

Up to 120 days after shipment.....25% handling charge of Net Billing.  
Over four months.....Not refundable

- C. NEITHER NON-CATALOG NOR SPECIAL CATALOG ITEMS CAN BE ACCEPTED FOR CREDIT.

### VI. CHANGE ORDERS

Multiple changes of shipping schedule, or ship-to address, may be subject to a special handling charge of \$50.00.

### VII. POLICY RELATIVE TO COMPANY LIABILITY:

See Standard Conditions of Sale on reverse.

**STANDARD CONDITIONS OF SALE**

Barksdale, Inc. (hereinafter referred to as "Barksdale") proposes to furnish the Purchaser the products (hereinafter termed "Products"), subject to the following terms and conditions.

1. **DELIVERY:** Unless otherwise agreed, Barksdale will furnish its Products f.o.b. its factory. Delivery to the transporting carrier shall constitute delivery to the Purchaser, and transfer of title subject to the provisions of paragraph 2, below.

If shipment or any other act or condition affecting payment shall be delayed on account of Purchaser, payment shall become due when Purchaser is notified that Barksdale is ready to ship, and the product shall thereafter be held at Purchaser's risk and expense. If partial shipments are made, proportionate payments shall become due and payable on the partial shipments.

The specified shipment is subject to any delay on the part of the Purchaser in supplying Barksdale with necessary data, or approved drawings as may be required, or any changes therein at the Purchaser's instance, and to delays due to causes beyond Barksdale's reasonable control, including, but not limited to, acts of God, or acts of Purchaser, fires, floods, strikes, accidents, wrecks, delays in transportation, embargoes, car shortages, acts of civil or military authority, compliance with priority orders or preferred ratings issued by the U.S. Government, delay by supplier of material, shortages of material, unusually severe weather, or any inability to obtain necessary labor, materials or manufacturing facilities due to any such causes; and in the event of delay due to any such cause, the time specified for shipment or completion shall be extended during the continuation of such delay and a reasonable time thereafter to allow for shipment or completion. If changes in specifications or drawings are made at the instance of the Purchaser, and accepted by Barksdale, Barksdale shall be entitled to an equitable adjustment in the price, delivery date, or both.

Delivery dates are approximate. Delivery dates and prices are based on prompt receipt of orders by Barksdale and all information necessary to permit Barksdale to proceed with work immediately and without interruption, and satisfactory assurance of compliance with the terms of payment agreed upon. Prices will be subject to adjustment in accordance with the provisions of the annexed price adjustment clause, if any.

2. **TITLE:** Without relieving the Purchaser from obligation to make payment as provided for and without reference to the form of invoice that may be used by Barksdale, it is agreed that title, to the extent of a security interest in the Products furnished, is reserved in Barksdale until the purchase price (including any extensions of payment whether evidenced by note or otherwise) shall have been fully paid in cash, and the Products shall remain personal property whatever may be the mode of its attachment to realty or other property, until fully paid for in cash; and the Purchaser agrees to perform all acts which may be necessary to perfect and assure retention of title in Barksdale as aforesaid. In case of failure by the Purchaser to make any payment when due, it is expressly understood that it shall be optional with Barksdale to take exclusive possession of the Products wherever found and remove same without legal process, all at the expense of the Purchaser. In the event of default by Purchaser, the amount of damage to Barksdale being substantial and difficult or impossible to ascertain, it is hereby agreed that any payments which may have been made to Barksdale shall be retained by it as liquidated damages without prejudice to its right of recovery for further damage it may suffer from any cause arising out of such default.

3. **STANDARD WARRANTY:** Barksdale warrants that the Products will be free from defects in title, and so far as of its own manufacture, will conform, in the manner herein provided, to the applicable specifications which are made a part hereof, and will be free from defects in material and workmanship, and should any part of it be found, when properly installed, maintained and used under specified service conditions, within one year after date of notification of completion at Barksdale plant or shipment by Barksdale, whichever is the earlier, to have been defective or nonconforming with the specifications, Barksdale will repair or replace said part f.o.b. its factory, provided the original part is returned to its factory transportation prepaid and Barksdale inspection reveals it to have been defective or nonconforming within the terms of this warranty. No device or part shall be returned without giving prompt notice of nonconformance or defect to Barksdale and obtaining its prior written authorization. Barksdale shall in no event be held liable for damage or delay caused by nonconformance or a defect in material or workmanship, and no allowance will be made for repairs or alterations unless made with its written approval. Purchaser, or any user claiming through Purchaser, assumes all liability for the consequences of the use or misuse thereof by itself, or its employees, or by other.

Equipment and accessories not of our manufacture are warranted only to the extent of the original manufacturer. Barksdale shall not be liable for damage of any kind resulting from erosive, corrosive or other harmful action of any gases, liquids, or any other substance handled by the Products. The foregoing is in lieu of all other warranties by, and obligations or liabilities of, Barksdale, or its representatives, whether express, implied or statutory; and SINCE THE PRODUCTS ARE THE SUBJECT OF SPECIFICATIONS, AS AFORESAID, NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE IS APPLICABLE.

4. **INSURANCE:** Fire and extended coverage insurance in an amount sufficient to protect Barksdale's interest in the Products is to be obtained from and maintained with an insurer satisfactory to Barksdale by and at the expense of the Purchaser from the time of delivery until the Products have been fully paid for in cash. The Purchaser shall assume all losses resulting from any cause that may not be covered by insurance.

5. **TAXES:** The Purchaser shall pay to Barksdale in addition to the purchase price, the amount of any excise, sales, privilege, use or any other local, state or federal tax which is payable by Barksdale because of the acceptance of any order, or the sale, delivery, installation, or use of the Products covered hereby.

6. **SPECIFICATIONS:** Any Barksdale specifications referred to herein, or annexed hereto, are a standard form covering products substantially identical in type and character to that purchased, but there may be variations therefrom in the details of design and construction of any particular Product. The provisions in the specifications are descriptive and are not to be construed as warranties. Barksdale reserves the right to make such changes in details of design and construction as shall, in its judgement, constitute an improvement over such former practice as may be shown or described in the specifications. Barksdale does not supply detailed or shop working drawings of its Products.

7. **PATENTS:** Barksdale shall indemnify the Purchaser for any liability the Purchaser may incur because of claims of infringement of United States apparatus patents by the Products manufactured by Barksdale, as long as Purchaser shall promptly disclose in writing to Barksdale any notice of such claim or infringement it shall receive from any third party and shall cooperate thereafter with Barksdale (at no cost to Purchaser) as to any defense that Barksdale shall raise. The Purchaser shall indemnify Barksdale for any liability Barksdale may incur because of claims of infringement of United States process patents in the use of the Products furnished hereunder, or of United States apparatus patents claiming a combination in which Products furnished hereunder are only a component in the combination.

8. **CANCELLATION:** Should the order be terminated for any just cause, the Purchaser shall pay Barksdale for all costs and expenses incurred and commitments made in connection with the performance of the order, plus a reasonable profit thereon.

9. **EMERGENCIES:** For contracts or orders with a price of \$200,000 or more and/or for development contracts of a special nature, where Barksdale performance or completion of such contracts or orders is delayed or suspended for a protracted period, directly or indirectly, as the result of war, national emergency, federal or state statute of government rules or regulations, priority controls, defense efforts, or any like cause (as distinguished from the normal delays in manufacturing caused by factors beyond the control of the Manufacturer, such as strikes, fires, traffic embargoes, etc.), either Barksdale or the Purchaser, at any time after the end of 180 days following the start of such delay or suspension, may terminate the contract or order upon 10 days' written notice to the other and upon the giving of such notice the Purchaser shall pay Barksdale for all costs and expenses incurred and commitments made in connection with performance to the date of such suspension, plus a reasonable profit thereon. Title to all material paid for by Purchaser shall thereupon vest in the Purchaser, and shall thereafter be held at Purchaser's risk and expense. In the event that the contract or order has not been so terminated, Barksdale will, promptly after the cessation of the cause of such delay or suspension, notify the Purchaser of the revised shipping schedule and proceed with performance in accordance therewith.

10. **LIMITS OF LIABILITY:** The remedies, guaranties, and warranties provided herein are in lieu of any remedies, guaranties, indemnities, conditions or liabilities, either express or implied arising by law or otherwise. Upon the expiration of the warranty period expressly set forth herein, all liability for claims not asserted theretofore against Barksdale shall terminate.

The liability of Barksdale in respect of all damages, losses, costs or expenses whether suffered or incurred by Purchaser or any third party arising in any manner, incident or related to this contract or the performance hereunder shall be limited in the aggregate to the actual price paid by Purchaser to Barksdale.

Notwithstanding anything to the contrary, Barksdale shall not be liable to Purchaser or Purchaser's customers or any third party for special, punitive, incidental or consequential damages of any kind or character, including without limitation the loss of use of the Product or associated equipment, damage to associated equipment, loss of profit or revenue, cost of replacement power, downtime costs or claims of Purchaser's customers or others for any such damages which might arise under this contract or otherwise, regardless of whether such damages are based upon contract, tort, strict liability in tort, negligence or indemnity.

**11. LAWS AND REGULATIONS:** The Products to be produced by Barksdale and delivered hereunder will be produced in compliance with the Fair Labor Standards Act of 1938 as amended, when applicable. Barksdale will comply with federal, state and local laws, orders and regulations applicable to it as of the date of its quotation. Barksdale shall be responsible for compliance with the requirements and standards of OSHA, or any similar law, only to the extent that they apply to the Product itself and are sufficiently specifically identified in the order to Barksdale's satisfaction and accepted by it in writing. Price and delivery shall be subject to adjustment to compensate for compliance by Barksdale with any other laws, orders, regulations or requirements.

**12. ATOMIC ENERGY USE:** The Purchaser represents that the Products being supplied hereunder are to be used for a purpose other than in, or in any way related to, the creation, handling, or use of atomic energy or any activity associated therewith; and Barksdale shall not be responsible to the Purchaser or any third party should the Products be used otherwise than as represented, in which event the Purchaser shall indemnify and hold Barksdale free and harmless of any and all costs and damages. If, upon notice to Barksdale, the Products are to be used for the purpose of, or any way related to, the creation, handling, or use of atomic energy, or any activity associated therewith, Purchaser agrees to comply with, and be bound by, all the terms, provisions and conditions of Barksdale applicable Nuclear Indemnification Clause, a copy of which will be supplied upon request.

**13. GENERAL:** All of the above provisions, together with those set forth in the Barksdale form to which this is annexed, and such others as may be accepted by Barksdale in writing, all of which are accepted by Purchaser and supersede Purchaser's order form, if any, shall be and constitute the entire agreement for the sale of the Products. Any terms and conditions in any writing pertaining to the sale of the Products irrespective of its wording or of when received by Barksdale which are inconsistent with, or add to, the terms and conditions hereof, will not be acceptable or become a part of the contract without Barksdale's written consent signed by its duly authorized representative. Commencement of performance or shipping shall not constitute acceptance of any such inconsistent or added terms and conditions. Any representation, promise, course of dealing, or trade usage, not contained or referenced herein, will not be binding on Barksdale. Any dispute arising between the parties as to any aspect of this transaction shall be filed in a court of competent jurisdiction in Los Angeles, California and shall be governed by California law (except that any conflict of laws provision therein shall not be applicable). The prevailing party in such litigation shall be entitled to recover from the other party its costs of litigation, including but not limited to attorneys' fees, in addition to any other relief it may be entitled to receive. No modification, amendment, rescission, waiver, or other change as to the terms herein shall be binding on Barksdale unless agreed to in writing by Barksdale.

**ALL ORDERS ARE SUBJECT TO ACCEPTANCE BY BARKSDALE, AT ITS HOME OFFICE AND NO ORDER SHALL BE BINDING UPON BARKSDALE UNTIL SO ACCEPTED.**

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