

TERMS AND CONDITIONS

1. OFFER: This offer is an offer to sell the products described herein and shall be construed as inviting acceptance by Buyer in any reasonable manner, but only during the period of time ending 30 calendar days after the date of the offer as shown on the front of this document. Disposable Instrument Co., Inc. ("Seller") reserves the right in its sole discretion, to extend this offer beyond the 30 calendar days and to correct stenographical and clerical errors in this offer. These Terms and Conditions shall apply and become part of any contract between Seller and Buyer unless specifically modified in a subsequent writing signed by an officer of Seller. These Terms and Conditions shall in all cases, without exception, control and take precedence over any terms or conditions contained in any acceptance by Buyer, any such Buyer's terms and conditions being specifically hereby objected to as unacceptable to Seller.

2. CREDIT: If credit is extended to Buyer by Seller, and if Buyer thereafter fails to promptly pay its account when due, Seller may, at its option, submit Buyer's name and information regarding the unsatisfactory status of Buyer's account to one or more area credit bureaus. In addition, if Buyer's account is referred for collection by a collection agency or attorney, by suit or otherwise, Buyer agrees to pay all collection fees, reasonable attorneys' fees and costs of collection. Unless otherwise stated in the payment terms of this Offer, all engineering charges are due within 10 days from the date of Seller's invoice and invoices for products are due within 30 days from their date, unless Seller agrees to extend credit beyond the due date. All extensions of credit must be confirmed in writing by a responsible officer of Seller and shall bear interest in accordance with this paragraph. Any accounts unpaid after their applicable due date shall accrue interest at the rate of 1½% per month, or at the highest rate permitted by law, whichever is less. Payments made by the Buyer and accepted by the Seller shall be applied first to accrued interest and then toward payment of Buyer's oldest outstanding invoice and then, in order, to invoices subsequent to the oldest invoice.

3. BUYER'S FAILURE TO MAKE TIMELY PAYMENT -- DEFAULT: In the event Buyer fails to make payment by the prescribed due date or to timely make any payment required under the extension of credit, the Buyer shall be deemed to be in default under this offer. Upon such default: (a) all unpaid amounts shall be immediately due and payable; (b) Seller may immediately cease production of any remaining products ordered pursuant to this offer; and (c) Buyer agrees to pay Seller, in addition to all amounts otherwise due, for (i) all finished products not previously delivered and/or invoiced, (ii) all work in process, (iii) all raw materials, unamortized tooling, engineering and cancellation costs incurred by Seller, at Seller's cost plus handling and overhead charges as reasonably determined by Seller.

4. CANCELLATION: An order may be canceled or deliveries deferred by Buyer only by Buyer giving Seller written notice of the same and agreeing in such notice to make payment to Seller for (a) all work completed at the applicable per unit sales price, (b) all work in process on the basis of the percentage of completion thereof times the unit sales price, and (c) all raw materials, unamortized tooling, engineering and other cancellation costs incurred by Seller, at Seller's cost plus handling charges and margin as reasonably determined by Seller. Upon receipt of a notice of cancellation or delivery deferral which complies with the aforesaid terms, Seller shall determine the amounts of the aforesaid charges within 60 days thereafter, and shall invoice Buyer therefor. Buyer agrees to pay all such charges within 10 days of receipt of Seller's invoice therefor.

5. QUANTITIES: Buyer agrees to accept overruns or underruns on each individual item purchased, not exceeding 10% of the quantity ordered. If closer control of quantity is required, Buyer and Seller must specifically agree in writing to such special control.

6. DELIVERIES: Seller shall not be liable for any damages, incidental, consequential or otherwise, resulting from any delay or failure to fill an order within any estimated time. Unless otherwise agreed between Buyer and Seller, Buyer will accept delivery of orders by partial or complete shipment, packed in bulk, as the manufacture of all or a part of such orders is completed.

7. SAMPLES OR MODELS: In the event Seller submits samples or models for approval of Buyer in connection with any order, Buyer specifically understands and agrees that any such samples or models are for the purpose of illustration only, and not a representation that the product, when delivered, will conform to any such sample or model. Seller shall be responsible for causing the product to conform to specifications furnished by Buyer or, in the absence of such specifications, to conform to such specifications as Seller deems appropriate. No changes to any such specifications shall be made unless Buyer agrees to assume all additional costs associated therewith. All such requests by Buyer for changes in specifications must be in writing. In the event Buyer submits samples or models, fractional dimensions shall be assumed and dimensions of samples or models will be considered "mean" dimensions. In the event Buyer supplies written specifications, the same shall control over samples or models provided by Buyer. In the event written specifications are provided subsequent to samples or models provided by Buyer, Seller shall have the right to renegotiate any offer.

8. CLAIMS: If Buyer shall not have given Seller written notice of any objection to products delivered within 10 days after the delivery thereof to Buyer, Buyer shall be deemed to have fully accepted said products as completely satisfactory and shall have waived any claim of nonconformance to the order. In the event Buyer properly submits a claim of delivery of nonconforming products within the aforesaid 10-day period, and such claim is confirmed by Seller, Seller shall have the right to repair, replace, credit or complete the order in accordance with the above section titled QUANTITIES. Seller shall not be liable for repair or inspection charges incurred by Buyer. Under no circumstances will Seller be liable for any damages, claims or expense incurred in using any of Seller's products, and Buyer shall at its own expense defend and hold harmless Seller from any damage or claim arising from the use of Seller's products by third parties. In no event shall Seller be liable for any claim arising from any product subject to further processing by Buyer. Any claims for shortages must be made within 10 days after receipt of the products, using the same procedure as set forth above with respect to nonconforming products. In addition, in any claim for shortages, Buyer must provide Seller with the weights found in the shipment, including tare, and advise of the method used in arriving at a count of the products.

9. TOLERANCES: Unless dimensions are specifically limited to specified tolerances, the following tolerances shall be deemed commercially acceptable:

DECIMAL DIMENSIONS: All diameters plus or minus 0.005" - Lengths up to 6.0" plus or minus 0.010"; above 6.0" to 12.0" plus or minus 0.015"; above 12.0" plus or minus 0.020"

FRACTIONAL DIMENSIONS: All diameters plus or minus 1/64" - Lengths plus or minus 1/32"

ANGLES: Plus or minus 2 ½ degrees

INTERSECTING SURFACES: FILLETS - 0.20" Max. CORNERS - 0.20" Max. Radius or chamfer at Seller's option.

Drilled hole tolerances will open unless otherwise specified. Where there is cross drilling, slabbing and similar operations shown on prints, samples or models, the location will be without relation to other dimensions unless otherwise specified. Concentricity requirements, if any, must be specified separately from dimensions and will be subject to inspection only at the point where the relation is shown on the blueprint. Buyer agrees that concentricity means the actual concentricity allowable between the center lines of the dimensions, which is one-half of a dial reading registration. When concentricity or surface finish is not specified, work will be done without regard to either.

Products supplied to Buyer's specifications shall be at Buyer's risk with respect to design and fitting of parts. The conforming of Seller's product to the written specifications or, in their absence, Seller's standard tolerances, shall be conclusive evidence as to correctness of the product.

10. THREADS: Unless otherwise specified, threads will be of the "American National" form or the "Unified" form, at Seller's option, and will be made to "Class 2 Fit" tolerances. When Buyer specifies threads other than sizes in the "Course Thread Series" or "Fine Thread Series" or in other classes of tolerances or limits, gauges are to be furnished by Buyer or, at Seller's option, additional charges will be made with respect thereto.

FRACTIONAL DIMENSIONS: Where threading to the shoulder is specified, if a relief or under-cut of sufficient width is not stated by Buyer, it is understood that the last full thread will not be cut closer to the shoulder than a distance of two and one-half threads, and in the case of fine pitches, never closer than 1/16".

INTERNAL THREADS: Unless dimensional limits for minor diameter of tapped holes are specified, the percent of full depth thread shall be as supplied by Seller at its discretion. Unless otherwise specified, blind tapped holes may not have a full thread closer than five threads from the bottom end, in case of fine pitches, not closer than 5/32".

11. GAUGES: Where dimensions cannot be gauged with micrometers and special gauges are required, such gauges may be furnished by the Buyer or supplied by Seller at an extra charge to Buyer. In the case of threads, the inspection gauges shall conform to the limits specified by the latest National Bureau of Standards Handbook H28, as supplemented, entitled, "Screw Thread Standards for Federal Services for Inspection Gauges."

12. INSPECTION: Seller is obligated to dimensional inspection on a random sample percentage basis of its choice. Any additional inspection shall be at Buyer's additional expense. When 100% inspection is required, only those products demonstrated to be non-conforming may be returned for repair, credit or replacement. All such claims shall be subject to the provisions of the above sections titled CLAIMS and QUANTITIES. Acceptable quality levels including the designation of sampling plans, if desired, shall be stated by Buyer in writing prior to any offer by Seller. In the absence of such statement it is agreed that Seller reserves the right to adjust its offer or shipped product price in consideration of a subsequent establishment of an acceptable quality level specification by Buyer.

13. DIES, TOOLS, ETC.: Tools, dies, jigs, fixtures, gauges and their engineering and design are an integral part of Seller's manufacturing process and such items shall be the property of Seller, notwithstanding any payment by Buyer for the expenses incurred by Seller in obtaining such items. "Engineering Charges" and similar phrases indicating Buyer has paid Seller for such items or services conveys no rights in the same to Buyer.

14. SHIPMENT: In the absence of explicit shipping directions by the Buyer, Seller shall make its own choice as to mode of shipment. Shipment will be insured at Buyer's expense, but only if Seller is so instructed in writing by Buyer. Buyer assumes liability for any loss or damage to Seller's products once the products have left Seller's premises. Buyer shall undertake and bear any expense involved in pursuing claims for such loss or damage.

15. BUYER'S MATERIAL: Offers covering processing of Buyer's material are made subject to complete delivery of the amount of material as specified by Seller. Such offers are subject to change if material furnished by the Buyer (a) is defective, (b) is less than the total amount specified by Seller, (c) is delivered in multiple shipments to the Seller, (d) will not machine with reasonable wear on tools at the speed and feed estimated, as determined by the Seller in its discretion, or (e) is delivered in other than 10-12 ft. lengths. All shipment of Buyer's materials shall be F.O.B. Seller's plant. Chemical and physical specifications are the sole responsibility of Buyer, and parts manufactured from Buyer's material which otherwise conform to blueprints or specifications shall be accepted by Buyer. The Seller does not guarantee to deliver more than 90% of the quantity ordered in accordance with the provisions of the above section titled QUANTITIES.

16. PATENTS: Buyer will indemnify, defend and hold Seller harmless from any and all loss, cost or expense arising from any claim that any product manufactured by Seller to specifications provided by Buyer infringes any patent or other proprietary or intellectual property right of any third party.

17. TAXES: Taxes imposed by any present or future law of federal, state, county or municipal authority on the manufacture, sale, or use of the products purchased hereunder, which are required to be paid by Seller, shall be added to the amount to be paid by Buyer to Seller. Buyer shall furnish evidence of exemption if applicable, and if Buyer fails to advise Seller of any taxes which would apply to Seller and taxes are later assessed against Seller because of such failure, Buyer shall indemnify Seller in the amount of any such tax (plus applicable penalties and interest) paid by Seller.

18. WARRANTY: Seller warrants only that the products furnished by it will conform to the drawings and specifications, if any, applicable thereto. Seller makes no other warranty, either express or implied, and THE EXPRESS WARRANTY SET FORTH AT THE BEGINNING OF THIS SECTION IS GIVEN IN LIEU OF ALL OTHER WARRANTIES, AND SELLER EXPRESSLY DISCLAIMS ANY OTHER WARRANTIES ON ITS PRODUCTS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTY ARISING FROM COURSE OF DEALING OR USAGE OF TRADE. BUYER'S EXCLUSIVE REMEDY FOR BREACH OF WARRANTY OR ANY FAILURE OF OR DEFECT IN ANY PRODUCTS PURCHASED FROM SELLER SHALL BE FOR THE REPAIR OR REPLACEMENT OF SUCH DEFECTIVE PRODUCT, OR REFUND OF THE PURCHASE PRICE, AT SELLER'S OPTION. BUYER SHALL NOT BE ENTITLED TO RECOVER FROM SELLER ANY INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR EXPENSES ARISING OUT OF THE USE OF ANY PRODUCT PURCHASED FROM SELLER OR ANY BREACH OF THE WARRANTY GRANTED BY SELLER OR ANY OTHER BREACH BY SELLER OF ANY OF ITS OBLIGATIONS UNDER THIS OFFER, IF ACCEPTED, OR APPLICABLE LAW.

19. INDEMNIFICATION: Buyer will indemnify and save harmless Seller from and against any and all claims, actions, liability and expense in connection with loss of life, bodily injury and/or damage to property arising out of or in any way connected with the use or sale by Buyer, its agents, contractors, employees, servants, or vendees, of the products furnished by Seller. This obligation to indemnify shall include the retention of legal counsel and investigation costs and all other costs, expenses and liabilities from the first notice that any claim or demand is to be made or may be made against Seller. Upon receiving written notice thereof from Seller, Buyer agrees to defend, at its own expense, any action or proceeding brought against Seller by reason of Buyer's use or resale of the products furnished to Buyer by Seller.

20. SEVERABILITY: In the event that any of the Terms or Conditions of Seller are invalidated by any court or applicable federal, state or local laws or regulations, such invalid terms or conditions shall be deemed to be modified only to the extent necessary to render them valid, and all other terms and conditions shall continue in full force.

21. CHOICE OF LAW: This offer and all matters pertaining thereto shall be governed by the laws of the State of Kansas

22. ARBITRATION: Any controversy or claim arising out of or relating to this offer or, after acceptance by Buyer, the breach thereof, except for claims by Seller to enforce collection of charges for engineering or products sold to Buyer hereunder, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

23. GOVERNING LAW AND VENUE: This offer will be governed by the laws of the State of Kansas without regard to conflicts of laws principles. Any claim or action by Buyer against Seller shall be brought in the District Court of Johnson County, Kansas or in the United States District Court, Kansas City, Kansas.