

TUFF TORQ CORPORATION QUOTE TERMS AND CONDITIONS

1. All quotations are subject to change without prior notice. Unless otherwise shown hereon, payment terms are "net 30 days" at Tuff Torq Corporation's ("Seller" or "TTC") price in effect on the date of shipment. Seller reserves the right to make corrections caused by typographical, clerical, or engineering errors, or incomplete information from Buyer. All shipments will be made in full box quantities. This quotation notwithstanding, no order is placed in production or accepted by Seller until Seller's credit department has approved Buyer's provision(s) for payment. Since the goods hereunder are specially manufactured goods, if Buyer or paying entity shall fail to timely make any payments due to Seller under any order, fail to provide updated financial information within fourteen (14) days of Seller's request, or fail to promptly cure reasonable demands for insecurity, Seller may cancel this order as to any undelivered items and recover the cancellation charges specified herein (see section 4 below), and may, in addition to seller's other rights and remedies, but not in limitation thereof, at Seller's option, defer or withhold shipments or deliveries hereunder (or under any other contract with Buyer).

2. Unless otherwise expressly and specifically included in the price, such price does not include any rate increases and/or added expenses resulting from compliance with Buyer's shipping instructions whether or not reflected in Buyer's order; the expense of intra-city delivery to rail siding on shipments by rail; any applicable manufacturer's sales, use, or value added taxes, import or export duties, the expense of special preparation for export, including without limitation, export packaging, consular invoices, export declarations, certificates of origin, insurance in transit or similar items, and examination or inspection charges incident to inspection by other than Seller's employees or agents. Buyer will be invoiced for those increases and expense items where applicable, import licenses, foreign exchange and customs approval required in connection with the purchase, delivery, or payment of goods, materials and products (hereinafter referred to as "goods") are to be obtained by and provided at Buyer's expense. In no event shall Buyer's shipping instructions waive any term or condition as to delivery herein, unless shown hereon as a "waiver" using that word, and expressly accepted as such as provided hereinafter.

3. "Delivery" shall be considered made when the goods hereunder, or any part thereof, are either located on inland carriers evidenced by transportation receipts or placed in storage, whichever shall be earlier in time. At that time of delivery, title to and risk of loss of the goods shall pass to the Buyer. Seller shall not be responsible for delay in or failure of deliveries resulting from any cause beyond Seller's reasonable control or which Seller, by the exercise of reasonable diligence, is unable to prevent, including without limitation; fire, act of God or force majeure, riot, civil demonstrations, insurrection, war, or national emergency, strike or labor dispute, freight embargo or transportation delay, shortage of labor, inability to secure fuel, material, supplies, or power at current prices or on account of shortage thereof, demands exceeding Seller's manufacturing or delivery capacity, or any governmental law, act, order, rule, or regulation issued by an official or governmental agency (local, state, federal, or foreign) affecting the conduct of Seller's business and with which Seller in its judgment or discretion deems it advisable to comply whether or not it may have any legal duty to do so. Buyer agrees to inspect at Buyer's expense and risk all goods before acceptance within 2 business days of receipt of goods, and to refuse acceptance unless any loss or damage in transit is fully noted on the delivery bills and receipts. Seller assumes no responsibility for damage to or loss of goods occurring during shipment to Buyer, and Buyer agrees to make all claims for any such damage or loss. Goods damaged in shipment to Buyer shall be reported by Buyer to Seller within 2 business days of Buyer's receipt of goods. Buyer's report to Seller shall include a description of the goods and the serial number of all damaged goods. Buyer may return all damaged goods to Seller within 30 days of report to Seller pursuant to the warranty set forth in section 5. below. In the event Buyer does not return damaged goods to Seller, Buyer shall destroy and dispose such goods and provide written confirmation of such destruction to Seller within 30 days of report of damaged goods. Should Buyer file an insurance claim regarding damaged goods, Buyer has a duty to Seller to prohibit Buyer's insurance company from taking possession of such goods or otherwise selling or distributing such goods. In the event Buyer's insurance company obtains possession of such goods, Buyer shall provide Seller with immediate notice of the possession, along with a description of the goods and serial numbers possessed. Upon Seller's receipt of Buyer's notice of damaged goods and/or Buyer's insurance company obtaining possession of such goods, any Seller's warranty available to the end user of such goods shall be null and void.

4. Cancellation or change in any order by Buyer shall not be effective without notice received, agreed to, and confirmed in writing by an authorized agent of Seller. In the event Seller in its discretion approves Buyer's cancellation of any order, Buyer agrees to pay for Seller's labor, material, and overhead costs incurred on the cancelled order at prevailing rates plus 35%. The minimum cancellation charge payable by Buyer to Seller shall be \$150 per order. Seller's prior written consent must be obtained before returning any goods.

5. SELLER EXPRESSLY EXCLUDES ALL WARRANTIES, GUARANTEES, AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, MATERIALS, WORKMANSHIP, DESIGN, AND FITNESS OR SUITABILITY FOR A PARTICULAR SPECIFIED OR INTENDED PURPOSE. In lieu thereof, any goods which upon Seller's determination are defective due to faulty material or workmanship or are of Seller's design and are unsuitable for Buyer's specified or ordinarily intended use, as determined by Seller, will be repaired, or replaced, F.O.B. point of origin, or the unit purchase price refunded, at Seller's option; provided that the goods are returned (upon Seller's written consent first being given), or the same are rejected within 30 days. This shall be Buyer's exclusive remedies. As to goods purchased by Seller from others and resold to Buyer or incorporated in Seller's goods, Buyer shall have whatever warranty is available from Seller's supplier that shall be Buyer's sole recourse. Seller shall not be liable for any claim whether based on contract or tort for Buyer's loss of profit or any special incidental, indirect, or consequential damages or losses, nor for any costs incurred by Buyer for alteration, repair, or work done on the goods without Seller's express approval in writing prior to any such alteration, repair, or rework. Seller's total liability hereunder in no event shall exceed the unit purchase price of the materials specified herein.

6. TTC reserves the right to discontinue the manufacture of any of its goods. If TTC discontinues a product, TTC shall provide Buyer with reasonable notice of discontinuance. Upon Buyer's receipt of discontinuance notice from TTC, Buyer shall not use the product in its manufacturing process, customize, modify, sell or otherwise distribute product as a component part or otherwise. Within 5 days of the discontinuance, Buyer shall provide TTC with serial numbers of all discontinued goods in Buyer's manufacturing process and stock on hand, and shall provide TTC with written assurance that such product has been or shall be destroyed. In the event Buyer proceeds to sell or otherwise distribute the product after receipt of notice of discontinuance or damage, Buyer shall provide Seller with written notice of such sell or distribution including a description of the goods and serial numbers. At the time Seller notifies Buyer of its discontinuance of a good(s), any and all warranty on said product shall be immediately null and void.

7. Buyer agrees not to disclose or export, either directly or indirectly, any technology or information, or the direct product, acquired from the TTC or any of its agents, employees, dealers or distributors pursuant to this quotation, contract and/or agreement to any destination of person if such disclosure is prohibited by the laws and regulations of the United States of America. This paragraph shall survive the termination of this agreement.

8. Buyer hereby indemnifies, agrees to hold harmless and defend Seller (including any of Seller's divisions, subsidiaries, or affiliates) from and against any, and all liabilities, claims (founded or unfounded), losses, damages, costs, and expenses for personal injury and property damage (including without limitation, consequential damages, reasonable professional fees and expenses of defense) arising out of Buyer's specification, design, or improper use of the goods described hereon; Buyer's omission or neglect; Buyer's infringement of another's property rights; or Buyer's mis-application of proprietary or other information furnished by the Seller regarding such goods whether or not the goods or information originated with the Seller. Seller shall have the right to defend itself and compromise any action against it without in any way affecting its rights to indemnification hereunder.

9. Any action by Buyer under or for breach of this agreement must be commenced within one (1) year after the cause of action has accrued. Waiver by Seller of any default hereunder shall not be deemed a waiver by Seller of any other or subsequent default that may thereafter occur.

10. Unless Buyer makes a change in basic part design, tooling charges may apply to the initial order only. Any cost incurred for replacement or repair will be borne by the Seller. Unless otherwise specified, all tooling will remain the property of the Seller.

11. Buyer's order is accepted on the terms and conditions stated herein and Seller's acceptance of the Buyer's order is expressly made conditional upon Buyer's assent to such terms and conditions. No agreement or understanding, oral or written, shall be binding on the Seller (whether contained in Buyer's purchase forms or otherwise), other than set forth herein, if such shall in any way modify or waive the terms and conditions herein, unless hereafter made in writing and signed by Seller's authorized representative.

12. These terms and conditions shall be governed exclusively by and construed in accordance with the laws of the State of Tennessee, without regard to any conflicts of laws provisions. Venue and Jurisdiction of and all disputes regarding Orders shall be in the Chancery Court of Hamblen County, Tennessee.