

RAFFINO INC, STANDARD TERMS AND CONDITIONS OF SALE

1. Sale and Purchase

Raffino will use reasonable commercial efforts to sell to Buyer and Buyer will purchase from Raffino the Products in the quantities listed on Raffino's Order Acknowledgement. Products are Raffino's products specified by Raffino and/or any other products Raffino may add by notice to Buyer. Raffino may in its sole discretion, discontinue or modify any Product upon 60 days notice. Purchase Orders are binding, non-cancelable commitments.

2. Delivery Terms, Price, and Payment

Raffino will use reasonable commercial efforts to deliver Products on or within fifteen (15) business days of the delivery date listed on the Order Acknowledgment. Buyer shall pay the prices listed on the Purchase Order and all payments are due and payable to Raffino Inc., in US dollars. Terms are net cash on delivery except where satisfactory credit is established, in which case terms are net thirty (30) days from date of delivery. Raffino reserves the right to revoke credit at Raffino's sole discretion. All Products are shipped F.O.B. Spokane, Washington or other place of shipment. Buyer will pay all charges, including transportation charges, insurance premiums, and all taxes (except Raffino's U.S. income taxes), duties, costs of compliance with export and import controls and regulations, and other governmental assessments. Invoices not paid within thirty (30) days of the invoice date will have two and a half percent (2.5%) per month finance charge assessed against the unpaid balance from the date of invoice until the date of payment

3. Product Designations.

Buyer will not remove any names, designations or notices from any Product.

4. Warranties.

Raffino warrants that all Products are free from defects in material or workmanship under normal use and service for a period of 5 years from the date of delivery. All repair covered by this warranty must be done at Raffino's factory, or other such warranty repair facilities of Raffino as designated by Raffino unless Raffino specifically directs that this service be performed at another location. Any defect identified by the Buyer within thirty (30) days and found to be within this scope of the warranty will be repaired by Raffino and all charges for material will be borne by Raffino. If it is determined that either no fault exists with Raffino, or the damage to be repaired was caused by negligence of Buyer, Buyer agrees to pay all charges associated with each such repair. THIS CONSTITUTES THE SOLE WARRANTY MADE BY RAFFINO EITHER EXPRESSED OR IMPLIED. THERE ARE NO OTHER WARRANTIES EXPRESSED OR IMPLIED WHICH EXTEND BEYOND THE FACE HEREOF, HEREIN, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL RAFFINO BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES AND BUYER'S REMEDIES SHALL BE LIMITED TO REPAIR OR REPLACEMENT OF NONCONFORMING UNITS OR PARTS.

5. Indemnification. Raffino shall hold Buyer and its officers, directors, agents and employees harmless from liability resulting from infringement by the Products of any United States patent or copyright issued as of the date of the Purchase Order, provided Raffino is promptly notified of any and all threats, claims and proceedings related thereto and given reasonable assistance and the opportunity to assume sole control over the defense and all negotiations for a settlement or compromise; Raffino will not be responsible for any settlement it does not approve in writing. The foregoing obligation of Raffino does not apply to Product or portions or components: (i) not supplied by Raffino, (ii) made in whole or in part in accordance to Buyer specifications or requests, (iii) which are modified after shipment, if the alleged infringement relates to such modification, (iv) combined, processed or used with other products, processes or materials where the alleged infringement relates to such combination, process or use, (v) where Buyer continues allegedly infringing activity after being notified thereof or after being informed of modifications that would have avoided the alleged infringement, or (vi) where the infringement is incident to use of the Product but does not result primarily from the Product and its intended application. Buyer will indemnify Raffino and its officers, directors, agents and employees from all damages, settlements, attorneys' fees and expenses: (i) related to a claim of infringement or misappropriation excluded from Raffino's indemnity obligation by the immediately preceding sentence or (ii) in connection with Buyer's activities regarding the Products or its failure to effectively pass on to its direct or indirect customers Raffino's liability and warranty limitations and disclaimers.

6. Term, Termination, Survival, and Termination Liability.

The Purchase Order and these terms shall be in effect until all Products listed are shipped, except that if either party materially breaches any material provision of these terms and such breach is not remedied within thirty (30) days (or ten (10) days in the case of non-payment) after receipt by the defaulting party of a notice from the other party, the non-breaching party may immediately terminate the Purchase Order. Any accrued rights of Raffino to payments, remedies for breach, as well as obligations of the parties under the Purchase Order shall remain in effect, except that Raffino may in its discretion decide whether to honor (i) portions of Purchase Order with delivery dates more than one month after termination, and (ii) in the event of termination by Raffino for Buyer's breach, any Purchase Order. Neither party shall incur any liability whatsoever for any damage, loss or expenses of any kind suffered or incurred by the other (or for any compensation to the other) arising from or incident to any termination of the Purchase Order by such party which complies with these terms whether or not such party is aware of any such damage, loss, or expenses. Expiration is treated the same as termination.

7. Confidentiality and Intellectual Property.

Any technical, financial or other information provided by Raffino to Buyer and designated as confidential or proprietary ("Confidential Information") shall be held in confidence and not disclosed or, except as provided in the next sentence, used by Buyer. This obligation will not apply to information that is generally and freely publicly available through no fault of Buyer, or that Buyer otherwise rightfully obtains from third parties without restriction.

8. Limited Liability.

RAFFINO WILL NOT BE LIABLE WITH RESPECT TO ANY SUBJECT MATTER HEREIN UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR (I) ANY AMOUNTS IN EXCESS IN THE AGGREGATE OF THE AMOUNTS PAID TO RAFFINO HEREUNDER DURING THE TWELVE MONTH PERIOD PRIOR TO DATE THE CAUSE OF ACTION AROSE OR (II) ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR (III) COST OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY OR SERVICES. RAFFINO SHALL HAVE NO LIABILITY FOR ANY FAILURE OR DELAY DUE TO MATTERS BEYOND ITS REASONABLE CONTROL OR FOR ANY ALLOCATION OF PRODUCTS BETWEEN ITS CUSTOMERS IN THE EVENT OF A SHORTAGE.

9. FCPA and Export Control.

Buyer shall comply with the U.S. Foreign Corrupt Practices Act and all export laws and restrictions and regulations of the United States or foreign agency or authority. Buyer shall obtain and bear all expenses relating to any necessary licenses and/or exemptions with respect to the export from the U.S. of all Products to any location and shall demonstrate to Raffino compliance with all applicable laws and regulations prior to delivery thereof by Raffino.

10. General.

All notices shall be in writing, and shall be deemed given when personally delivered, when sent by confirmed fax, or three days after being sent by prepaid certified or registered U.S. mail to the address of the party to be noticed as set forth herein or such other address as such party last provided to the other by written notice. Buyer shall not assign, transfer or sublicense any obligation or benefit under the Purchase Order and any attempt to do so shall be void. Raffino may assign the Purchase Order in whole or in part. The failure of either party to enforce its rights under these terms at any time for any period shall not be construed as a waiver of such rights. These terms supersede all proposals, oral or written, all negotiations, conversations, or discussions between or among parties relating to the subject matter and all past dealing or industry custom. No changes or modifications or waivers are to be made to these terms unless evidenced in writing and signed for and on behalf of both parties. In the event that any provision is determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that these terms shall otherwise remain in full force and effect and enforceable. The Purchase Order and these terms are governed by and construed in accordance with the laws of the State of Georgia (without regard to the conflicts of laws provisions thereof). In any action or proceeding to enforce rights under these terms, the prevailing party will be entitled to recover reasonable costs and attorneys fees.

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