

Standard Terms and Conditions

DEFINITIONS

SYSTEM

For the purposes of these Terms & Conditions, the System is defined as the software, hardware, and services provided by Concept Systems (Concept) and documented with an associated Order from the Purchaser. Software, hardware, services, process machinery and/or equipment that may interface or otherwise interact with the System but not purchased as part of the System, whether previously provided by Concept or not, is not subject to these Terms and Conditions or any part thereof.

PURCHASER

For the purposes of these Terms & Conditions, the Purchaser is defined as the party that issues the purchase order or contract (Order) directly to Concept for the System. In some cases, this may be the same party as the Owner, as defined below.

OWNER

For the purposes of these Terms & Conditions, the Owner is defined as the end user of the System at project completion. In some cases, this may be the same party as the Purchaser, as defined above.

WARRANTY

The following is Concept's standard warranty covering the System:

CONCEPT APPLICATION SOFTWARE WARRANTY

Concept warrants that it will correct, repair or replace application software provided with the System that fails to meet the design requirements of the Order under normal use for a period of one (1) year, commencing at completion of startup or commencing 30 days after delivery to Purchaser or Owner, whichever is earlier. The application software warranty shall provide correction of any software bugs or errors which prevent the System from accurately and reliably executing the agreed-upon functionality as defined by functional design documents and acceptance test plans.

CONCEPT HARDWARE ASSEMBLY AND FABRICATION WARRANTY

Concept warrants that all electrical and mechanical assembly and fabrication workmanship provided with the System shall be free from defects in material and workmanship under normal use and service for a period of one (1) year, commencing at completion of startup or commencing 30 days after delivery to Purchaser or Owner, whichever is earlier.

THIRD PARTY SOFTWARE AND HARDWARE WARRANTY

Concept makes no warranty whatsoever regarding software and hardware manufactured by Third Parties. Concept will assign to the Owner the manufacturer's stated warranty, if any.

WARRANTY SERVICE AND SUPPORT

Concept recommends the Owner purchases and maintains spare parts on-site and purchases and maintains remote access to the System(s).

Increased warranty costs due to Owner's lack of connectivity (e.g., lack of remote access capabilities) or lack of spares may incur additional charges. Concept reserves the right to charge the Purchaser for additional costs to the warranty service caused by lack of connectivity or lack of spares.

All travel and living expenses and shipping costs associated with warranty services are the responsibility of the Owner.

WARRANTY CLARIFICATIONS

For purposes of this warranty, startup will be deemed completed when either the System is partially or completely in use, or when Concept has met the specifications, whichever is sooner.

Concept does not warrant that the System covered by this warranty will perform in accordance with specifications if equipment forming a part of the System is not supplied by, or approved for incorporation into the System by, Concept.

Failures and damages resulting from misuse, negligence, modifications, alterations, tampering, corrosion, disconnection, improper adjustments, improper or inadequate maintenance or repairs, accidents, faulty installation by others, or other events beyond the control of Concept are not covered by these warranties.

The warranties provided are based upon Concept having single source responsibility for warranty or maintenance service and for only that equipment supplied by Concept.

Concept will not be responsible or held liable for any programming changes made by anyone other than Concept personnel.

Concept does not authorize any person to assume any obligations or liabilities greater than or different from those set forth in these warranties.

Repair or replacement, at Concept's option, is Purchaser's and Owner's exclusive remedy for any breach of warranty.

CONCEPT MAKES NO OTHER WARRANTIES OR REPRESENTATION OF ANY KIND WITH RESPECT TO THE SYSTEM SUPPLIED BY CONCEPT OR PARTS THEREOF, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USE.

This warranty encompasses the entire understanding between Concept and the Purchaser and Owner. There are no representations or agreements, oral or otherwise, that are not expressly set forth herein.

INTELLECTUAL PROPERTY LICENSING

THIRD PARTY SOFTWARE LICENSE

Third Party Software is software that Concept has purchased from a third party as part of the Order. The license for Third

Party Software is restricted to the provisions set forth by the original manufacturer and will be assigned to the Owner by Concept.

CONCEPT INTELLECTUAL PROPERTY & LICENSING

Concept Intellectual Property (IP) includes, but is not limited to, hardware designs, software designs, software applications, PLC programs, HMI configurations, PC Based programs, trademarks, patents, copyrights, trade secrets and software applications developed by Concept.

The type of Concept IP License that applies to this purchase will be specified in the Proposal in the Intellectual Property section.

The two types of IP licenses available for purchase are:

- Concept IP Licensing
- Shared IP Licensing

Both types are defined below.

Concept IP License

Any Concept IP included with, or developed by Concept as part of, the System will remain the intellectual property of Concept. Following final payment to Concept, Concept will grant to Owner one (1) non-transferable, non-exclusive license to use the hardware designs, software designs, and software applications for Owner's internal purposes only.

Owner's license does not confer title or ownership in any Concept IP. The Owner may create backup copies and edit the software applications but may not; i) transfer the software applications to another machine, ii) sell the software applications to another party, or iii) use the hardware or software designs to replicate the System in any manner.

The Owner shall use the hardware designs, software designs, and software applications only for the purposes set forth in this section.

Concept retains the title and copyrights to all Concept IP and may use such IP for any and all purposes, including the right to grant sub-licenses to others to use the IP.

Use of the System indicates Owner's acceptance of these intellectual property terms.

Shared IP License

Any Concept IP included with the System will remain the intellectual property of Concept. Upon final payment to Concept, the hardware designs, software designs, and software applications developed by Concept as part of the System shall become the joint intellectual property of Concept and the Owner, Shared IP. Concept and Owner both retain ownership in the Shared IP.

The Owner will have the right to obtain the source code, copy, edit, transfer and resell the Shared IP. Concept retains a royalty free, perpetual, worldwide right and license to use the Shared IP for any and all purposes, including the right to grant sub-licenses to others to use the Shared IP.

Use of the System indicates Owner's acceptance of these intellectual property terms.

PERMITS

The prices quoted do not include any permits or licenses that may be required.

CURRENCY

All prices quoted are stated in U.S. dollars unless noted otherwise.

SHIPMENT AND FREIGHT

Concept will prepay and bill for freight in addition to the purchase price, unless otherwise noted in the proposal. Freight will be invoiced to Purchaser at the billed cost from the carrier including carrier fuel surcharges. Concept will provide adequate insurance to protect materials shipped to the Purchaser or Owner. All shipments are F.O.B. Concept's factory and all claims for damage, delay or shortage arising from any shipment, shall be directed against the carrier by the Purchaser. Purchaser or Owner shall immediately inspect all shipments upon arrival prior to signing the bill of lading. If any damage is noted, both Concept and the local carrier should be notified immediately. Failure to inspect at receipt and/or notify Concept shall constitute acceptance by Purchaser and Owner, relieving Concept of liability for damages or shortages.

Shipments shall be by surface freight unless agreed to beforehand by Concept and the Purchaser. Concept may make partial shipments. For shipments outside the United States, Concept shall arrange for inland shipment to port of exit and shall cooperate with Purchaser's agent in making necessary arrangements for overseas shipment and preparing necessary shipping documents.

DELIVERY DATE

Concept shall use reasonable efforts to meet specified delivery dates, but such dates are estimates only and are not guaranteed and Concept shall have no liability, direct or indirect, for delay in delivery. Concept may not be declared in breach nor shall the Order be subject to cancellation so long as Concept is making a bona fide effort to complete manufacture and delivery. Delivery is based upon the effective date of the Order and subject to prompt receipt of all necessary information and instructions from Purchaser, including any required approval of drawings.

CHANGES

Concept shall not be obligated to make any changes or additions to the scope of work unless Concept agrees thereto and an equitable adjustment is made to price and/or delivery.

CANCELLATION, SUSPENSION OR DELAY

If Purchaser or Owner requests or causes a cancellation, suspension or delay of Concept's work, Purchaser shall pay Concept all appropriate charges incurred up to the date of such cancellation, suspension or delay, plus Concept's overhead and reasonable profit. Additionally, all charges

related to storage, disposition, third-party re-stocking and cancellation fees, and/or charges incurred related to resumption of work shall be borne solely by Purchaser.

ON-SITE SUPPORT SERVICES

Unless otherwise noted, all prices quoted for on-site support services provided by Concept are estimates only. All on-site support services provided by Concept personnel will be billed in accordance with the current Concept Service and Expense Rate Sheet.

System startup and support prices, whether time and materials or fixed price, are based upon uninterrupted access to the equipment with support from the Purchaser and/or Owner as described in the proposal, integration plans, and/or acceptance test plans. The Order price and Order time shall be adjusted for increases in the cost and time caused by delays or interruptions to the startup.

TERMS OF PAYMENT

In the event that collection of any amount due hereunder is referred to an attorney by Concept, Purchaser shall bear all costs of collection, including but not limited to, Concept's reasonable attorney's fees.

ORDER OF PRECEDENCE

In the event of conflict the following precedence shall prevail:

1. Concept proposal
2. Terms and conditions set forth in this document
3. Provisions set forth on design documents
4. Purchaser's Order

For the purposes of this section, design documents include drawings, functional design documents, acceptance test plans, and other design documents developed by Concept.

DISPUTES AND MEDIATION

The parties will exert every effort to resolve cooperatively any disagreements they may have under this agreement. In the event that the parties alone are unable to resolve any conflict under this agreement, they agree to present their disagreement to a mutually acceptable mediator for mediation. This procedure shall be followed to its conclusion prior to either party seeking relief from the court, except in the case of an emergency. These Terms and Conditions shall be construed in accordance with the laws of the state of Oregon.

FORCE MAJEURE

Concept shall not be responsible or liable in any way for any failure to perform due to acts of God, fire, flood, serious accidents, foreign or United States embargo, war or riot, serious shortages, unavailability or significant price increases in commodities, materials or components, labor disputes, interruption of transportation, loss of essential production services, laws, rules, regulations, instructions or acts of any U.S. or foreign governmental authority, or by any other event beyond the reasonable control of Concept or its subcontractors.

LIMITATION OF LIABILITY

Notwithstanding any other provision of this Agreement, in no event shall Concept be liable to Purchaser or Owner for any incidental, special, punitive, or consequential damages of any kind, including without limitation loss of use, productivity, reputation, financing, business opportunities, or profits. MOREOVER, TO THE FULLEST EXTENT PERMITTED BY LAW, REGARDLESS OF THE THEORY OF LIABILITY (INCLUDING WITHOUT LIMITATION BREACH OF CONTRACT OR WARRANTY, NEGLIGENCE, OR STRICT LIABILITY), IN NO EVENT WILL CONCEPT'S TOTAL AGGREGATE LIABILITY RELATED TO THIS AGREEMENT EXCEED THE AMOUNT OF THE INCENTIVE PAYMENTS PAID BY PURCHASER TO CONCEPT UNDER THIS AGREEMENT.

SAFETY

Purchaser is responsible for the proper operation and safety of existing equipment and new equipment provided by others, including the System provided by Concept. Concept is not responsible for ensuring the safety of the various user personnel. Concept recommends that the appropriate level of safety for an installation can best be determined by safety professionals most familiar with the particular application or installation. It is therefore the responsibility of the Owner to take such steps as may be necessary to ensure the safety of all personnel in the workplace.

NON-SOLICITATION OF EMPLOYEES

Upon commencement of the Order and continuing until a date two years after the date of final completion of the work, Purchaser agrees not to directly or indirectly employ, solicit for employment, or advise or recommend to any other person that such person employ or solicit for employment, any person employed by or under contract to Concept.

TERMINATION FOR CONVENIENCE

If the Purchaser terminates the agreement for convenience such termination shall be effective upon delivery of a written termination notice to Concept. Purchaser shall pay Concept for work performed in accordance with the agreement up to the time of termination plus 10% of the cost of the work for overhead and profit, not to exceed the Order price, plus a transition fee equivalent to twenty (20) eight-hour days of hourly labor charges for each Concept employee assigned to the project at the time of termination.

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