

LEBUS INTERNATIONAL, INC.
GENERAL TERMS AND CONDITIONS OF SALE

1. PARTIES

“LeBus” or “Seller” as used herein refers to LeBus International, Inc., a Texas corporation, whose principal place of business is located at 215 East Industrial Drive, Longview, Texas 75602.

“Customer” or “Purchaser” is the named purchaser of goods or products manufactured by LeBus and sold to Customer pursuant to a purchase order.

2. QUOTATIONS; PURCHASE ORDERS

All quotations by Lebus are made without obligation, and any purchase order will be deemed to be accepted when confirmed in writing by LeBus. Upon acceptance a purchase order shall constitute the agreement between LeBus and Customer for the sale and purchase of all goods and products covered by the purchase order, subject to these general terms and conditions which shall control in the event of any conflict with the purchase order, including any other general terms and conditions of the Customer referenced or incorporated into a purchase order.

3. MODIFICATION AND CHANGE; CANCELLATION OF PURCHASE ORDER

Subject to the prior written approval by LeBus, including any adjustment of pricing of products, Customer may make changes in drawings, designs, specifications, materials, packaging, time and place of delivery, method of transportation, quantities or other terms of purchase, but may not reduce or delay delivery by more than thirty (30) days. Where any such change (a) causes either an increase or decrease in pricing, (b) changes the time required for performance, or (c) subjects LeBus to additional costs or actual damages, then an equitable pricing adjustment will be made by LeBus. In the event Customer delays the delivery date for more than fifteen (15) days, LeBus may store the product at Customer’s risk in a warehouse or yard or upon LeBus’ premises, and at LeBus’ option, Customer shall pay all handling, transportation and storage costs at the prevailing commercial rates upon submission of an invoice for such costs. In the event of cancellation of a purchase order Customer agrees to pay for all work performed to the date of termination, for all costs which can not be avoided as a result of the termination (such as third party cancellation charges) plus, at LeBus’ option, a cancellation fee not to exceed twenty percent (20%) of the cancelled portion of the purchase order. Upon Customer’s cancellation of any outstanding purchase order, Customer agrees to purchase (specific to the cancelled purchase order) LeBus’ inventory of finished products at the contract price if such items are undamaged and in conformance with all specifications and other requirements of the purchase order. Shipment terms will be as provided in the cancelled purchase order.

4. PURCHASE PRICE

The purchase price for all goods and products shall be as stated in a purchase order provided or accepted by LeBus. Purchase prices do not include shipment costs, storage costs, insurance, taxes including, without limitation, federal, state, local, sales and use taxes, duties, levies and surcharges or other costs related to the purchase of products by Customer unless otherwise expressly specified in a purchase order accepted by LeBus.

5. TERMS OF PAYMENT

Unless otherwise specified in a purchase order, payment terms are net thirty (30) days from the date of invoice, FOB the point of shipment. LeBus may, at its option, charge interest at a rate not to exceed one and one-half percent (1.50%) per month from the due date of any late payment until paid.

6. NO RIGHT OF SET OFF OR WITHHOLDING

Customer shall not have any right of set off against an invoice unless any claim is acknowledged

and accepted by LeBus or established by appropriate legal proceedings. Customer may only withhold a payment in respect to an uncontested or legally established obligation of LeBus to Customer. If Customer becomes financially troubled in the opinion of LeBus, becomes insolvent or is delinquent in making any payment to LeBus, LeBus may withhold delivery of goods or products until all amounts due from Customer to LeBus have been paid.

7. SECURITY INTEREST FOR PAYMENT

LeBus shall retain and Customer grants to LeBus a security interest under the Texas Uniform Commercial Code ("UCC") as security for the purchase price of all goods and products sold by LeBus to Customer until payment in full of the purchase price. LeBus shall have all rights and remedies as a secured party under the UCC. LeBus is authorized to file a financing statement naming Customer as debtor and LeBus as secured party covering all goods and products sold to Customer in all appropriate public filing offices.

8. PACKAGING AND SHIPPING

LeBus shall package and prepare products for shipment in accordance with the purchase order or Customer's instructions accepted by LeBus. Packages will be marked with Customer's purchase order and identification numbers. LeBus may vary or suspend the shipping schedule as it deems reasonably necessary under the circumstances.

9. DELIVERY

All delivery dates are estimated and will be reviewed as required by LeBus and Customer. Unless otherwise agreed to in writing by LeBus, products shall be shipped in accordance with Customer's instructions FOB point of shipment at the location specified in the purchase order. LeBus will promptly notify Customer if it is unable to fulfill the terms of any delivery scheduled. LeBus shall use reasonable efforts to make delivery within the time provided in a purchase order or other written document accepted by LeBus. LeBus will have no liability for any loss or damages arising from or resulting from any delay in delivery of goods as a result of labor disputes, unavailability of labor or materials, cuts or reduction in power supply, unavailability of any kind of transport, a Force Majeure Event or any other cause beyond LeBus' reasonable control. In the event of any such delay the date of delivery shall be extended for a period of time equal to the time lost by reason of the delay.

10. SUSPENSION

If it shall become necessary for either LeBus or Customer to delay performance of any purchase order by reason of the direct or indirect effect of war or act of civil or military authority, the Customer shall (unless this purchase order is canceled as hereinafter provided) promptly pay to LeBus an amount which will reimburse LeBus for its actual cost including tooling under a purchase order to the date of suspension, after deducting therefrom all sums theretofore paid to LeBus under the purchase order and after due allowance of any material which is diverted to other purposes at the direction of the Government or with the Customer's approval. Title to all materials so paid for by the Customer shall thereupon vest in the Customer. As soon as it is practicable to resume performance, LeBus shall do so, and shall notify Customer of its then existing delivery schedules, prices and terms, which shall be applicable to the uncompleted portion of the purchase order. However, the Customer may cancel the purchase order upon written notice to LeBus at any time after performance has been suspended (but not later than ten (10) days after LeBus has given notice of resumption of performance) in which case Customer shall promptly pay to LeBus reasonable and proper cancellation charges.

11. RISK OF LOSS; TITLE

Unless otherwise specified in a purchase order, LeBus shall bear all risk of loss to goods until placed for shipment to Customer at the point of shipment. Customer shall bear all risk of loss upon delivery of products by LeBus to the shipper, and Customer shall be responsible to insure all products after the transfer of risk of loss and will insure all products in transit. Title to goods shall pass upon delivery to the shipper at the point of shipment.

12. LIMITED WARRANTY

LeBus warrants that all products manufactured by LeBus shall conform to the specifications, will be free from defects in design (excluding design specifications provided by Customer), materials and workmanship, for a period of six (6) months after the date of delivery FOB point of shipment. LeBus' sole obligation to remedy defective products and Customer's sole and exclusive remedy is limited to, at LeBus' option, either repair or replace the defective product or refund the purchase price. No allowance shall be granted for repairs or alterations made by Customer without LeBus' prior written consent. LeBus' warranty does not apply to products requiring replacement because of normal wear and tear, corrosion or erosion. LeBus' warranty shall be voided as to any product that has been subject to abuse, misuse, improper installation, operation or maintenance, accident, negligence, use other than as designed or contemplated by the specifications, or modification not specifically authorized by LeBus. Unless otherwise agreed in writing by LeBus, LeBus makes no warranty or representation that any products will conform to or comply with any federal, state or local laws, regulations, codes or standards.

13. DISCLAIMER AND EXCLUSION OF OTHER WARRANTIES

THE FOREGOING EXPRESS LIMITED WARRANTY IS MADE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WHICH ARE HEREBY EXPRESSLY DISCLAIMED AND WAIVED. THE EXPRESS LIMITED WARRANTY SET FORTH HEREIN CONSTITUTES LEBUS' SOLE AND EXCLUSIVE WARRANTY.

14. LIMITATION OF LIABILITY

IN NO EVENT WILL LEBUS BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE, OR EXEMPLARY DAMAGES IN CONNECTION WITH OR ARISING OUT OF ANY PURCHASE TRANSACTION, NOR FOR ANY LOSS OF ANTICIPATED PROFITS, LOSS OF REVENUE, LOSS OF PRODUCTION, LOSS OF BUSINESS OPPORTUNITY, LOSS OF USE OF EQUIPMENT OR ANY INSTALLATION, SYSTEM OR FACILITY INTO WHICH PRODUCTS MAY BE LOCATED. NOTWITHSTANDING ANY OTHER PROVISION OF THE PARTIES' CONTRACT TO THE CONTRARY, LEBUS' TOTAL CUMULATIVE LIABILITY ARISING OUT OF OR IN RELATION TO THE DESIGN, MANUFACTURE, SALE AND SERVICING OF THE PRODUCTS FURNISHED BY LEBUS, INCLUDING LIABILITY FOR DEFAULT, INDEMNITY, REWORK, RE-PERFORMANCE, OR REPLACEMENT, UNDER ANY CAUSE OF ACTION, WHETHER IN TORT, CONTRACT OR OTHERWISE AT LAW, SHALL NOT EXCEED A CUMULATIVE SUM OF THE PURCHASE PRICE PAID BY CUSTOMER REGARDLESS OF CAUSE AND WHETHER ANY SUCH LIABILITY ARISES BY REASON OF NEGLIGENCE OR BREACH OF DUTY (WHETHER STATUTORY OR OTHERWISE) ON THE PART OF LEBUS, ITS AFFILIATED COMPANIES AND SUBCONTRACTORS, AND ITS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND

AGENTS, AND CUSTOMER WILL HOLD ALL SUCH ENTITIES AND PERSONS HARMLESS FROM AND AGAINST ANY AND ALL SUCH LIABILITY IN EXCESS OF THIS AMOUNT.

15. PATENTS AND OTHER PROPRIETARY RIGHTS

LeBus' drawings may not be reproduced, even in part, nor LeBus' products copies except with LeBus' prior written consent. LeBus reserves title to all drawings, samples and other documents, together with exclusive proprietary rights. If LeBus manufactures products in accordance with Customer's instructions or specifications, LeBus accepts no liability and Customer shall indemnify and hold harmless LeBus for any infringement of third party patents or other protected rights. In the event of the later occurring, the Customer will be required to release, indemnify, defend and hold LeBus harmless from all claims for damages or other compensation accruing to the third party and asserted against LeBus in this connection.

16. CONFIDENTIALITY

LeBus' proprietary information furnished to or obtained by Customer as a result of the business relationship between LeBus and Customer is confidential ("Confidential Information"), and Customer shall not disclose any such information to any other person, or use such information for any purpose other than a transaction with LeBus. Customer shall limit disclosure of Confidential Information to employees on a "need to know" basis only, and shall indemnify LeBus for all costs and expenses (including attorneys' fees) related to any breach of confidentiality obligations by Customer or its employees. All Confidential Information obtained by Customer shall be returned to LeBus promptly upon request. Customer agrees not to disclose to any third party LeBus' proprietary information if marked "Confidential" or with a similar legend indicating such Confidential Information.

17. FORCE MAJEURE

LeBus shall not be liable to Customer for any delay, failure in performance, loss or damage due to fire, explosions, power blackouts, earthquakes, floods, the elements, strikes, embargo, labor disputes, acts of civil or military authority, war, terrorism, acts of God, interruption or failure of telecommunication, digital transmission links, Internet failures and delays, terrorism or other causes similar to the foregoing (a "Force Majeure Event"), provided that such cause was not within the reasonable control of LeBus.

18. MEDIATION AND ARBITRATION

If a claim, demand, disagreement, controversy, or dispute (collectively, "Dispute") arises in connection with any purchase transaction or the breach thereof and if the Dispute cannot be settled through direct discussions, the parties agree to endeavor first to settle the Dispute in an amicable manner by mediation to be held in Longview, Gregg County, Texas, United States of America, administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration. The mediation will be completed within thirty days of receipt of written demand for mediation. Thereafter, any unresolved controversy or claim or breach thereof will be settled by binding arbitration initiated by written notice by either party to the other of the intent to arbitrate. The arbitration will be held in Longview, Gregg County, Texas, United States of America, and administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered may be entered in any court having jurisdiction. The arbitration proceeding shall be conducted by a single arbitrator who shall make an award in accordance with the terms of this agreement and laws of the State of Texas. Notwithstanding any other provision of this agreement to the

contrary, no party will be precluded from seeking injunctive relief or a temporary restraining order before implementing procedures for mediation or arbitration, provided that such party determines in the good-faith exercise of its reasonable judgment that it will suffer irreparable harm or injury by any delay caused by mediation or arbitration proceedings.

19. MISCELLANEOUS

- 19.1 Governing Law; Jurisdiction; Venue. The agreement and relationship of the parties is governed by, construed and shall be interpreted in accordance with the internal laws of the state of Texas without regard to those provisions relating to conflicts of laws. Each party hereby irrevocably consents, admits and submits itself to the jurisdiction of the state and federal courts sitting in the state of Texas. Venue of any suit or other legal proceeding shall be exclusively in a state court having jurisdiction located in Gregg or Harrison County, Texas, or a federal court in the Eastern District of Texas, Marshall or Tyler Division.
- 19.2 Waiver of Non-Performance or Breach. Waiver by either party of non-performance or breach of this agreement does not constitute a waiver of any subsequent non-performance or other breach of the same, or any other provision.
- 19.3 Relationship of the Parties. Nothing in this agreement or any purchase order shall be construed to create any franchise, joint venture, trust, partnership or any other similar relationship between the parties for any purpose whatsoever.
- 19.4 Third Party Beneficiaries. Except as set forth herein, there are no third party beneficiaries to this Agreement.
- 19.5 Notice. Any written notice required under any purchase order shall be sent to LeBus' and Purchaser's address appearing on the face of the purchase order.