



LEASE AGREEMENT

K S & C Industries, LLP, 2750 S. Hanley Road, St. Louis County, Missouri 63143 (“KSCI”), hereby leases to:

(“User”), the following equipment (“Equipment”):

Qty	Description	Annual Rental Each
	PG-800 Sunnen Precision Gage #	
	PG-800-M Sunnen Prec.Gage (Metric) #	
	PG-810 Sunnen Precision Gage #	
	PG-400 Sunnen Gage Setting Fixture #	
	PG-400-M Sunnen Gage Set Fixt.(Metric) #	
	PG-500 Sunnen Gage Setting Fixture #	
	PG-500-M Sunnen Setting Fixt.(Metric) #	
	PG-250 Sunnen Gage Extension Set	N/A
	*PG-700 Sunnen Small Bore Gage #	
	*PG-710 Sunnen Small Bore Gage #	
	PG-2090 Sunnen Auxiliary Face Plate	N/A

***Note:** PG-700 and/or PG-710 require separate gaging fingers which are available as purchase items only from Sunnen Products Company, 7910 Manchester Avenue, St. Louis, MO 63143. Send separate order for desired sizes.

F.O.B. shipping point, plus applicable sales or use taxes, upon the following terms and conditions:

1. **TERM OF AGREEMENT.** The initial term of this Lease Agreement shall begin upon written acceptance by KSCI and continue until the one (1) year anniversary of the first day of the month following acceptance by KSCI.

2. **RENEWAL.** User may extend this agreement for additional one-year terms, at KSCI’s then-current lease rates. KSCI will send an invoice for each renewal term prior to the end of the then-current term; User’s payment of such invoice prior to the beginning of the renewal term will serve to extend this Lease Agreement for an additional year. This Lease Agreement will automatically renew for an additional one-year term unless User returns the Equipment within five (5) business days of the end of the initial term or any renewal term.

3. **PAYMENT OF RENT.** User shall pay to KSCI, at the address stated above or such other location KSCI designates in writing, rent as stated above in advance prior to the first day of the applicable one-year term. An amount equal to the rent for the initial term plus shipping costs, sales tax and other applicable fees must be paid by User to KSCI within thirty (30) days of shipment of the Equipment by KSCI. If KSCI does not receive a rent payment on or before its due date, User shall pay to KSCI, on demand, a late payment equal to two percent (2%) of the rent payment (including any applicable fees) not paid when due or the highest charge allowed by law, whichever is less.

4. **NO ABATEMENT.** User shall not be entitled to abatement or reduction of rent or setoff against rent for any reason whatsoever. Except as otherwise provided herein, this Lease Agreement shall not terminate because of, nor shall the obligations of User and KSCI be affected by damage to, any defect in, destruction of, or loss of possession or use of Equipment; the attachment of any lien, security interest or other claim to a Unit; User’s insolvency or the commencement of any bankruptcy or similar proceeding by or against User, or any other cause whatsoever.

5. **TITLE.** Title to the equipment shall remain in KSCI Industries and shall in no event pass to User. User acknowledges that KSCI may from time to time publicly file Financing Statements or other documentation naming User in order to protect its interests in the Equipment, and User shall be responsible for the payment of any filing or recording fees in connection therewith. User consents to any such filings and agrees to execute any further documents, and to take any further actions, reasonably requested by KSCI to protect or maintain its interests in the Equipment.

6. **POSSESSION, USE AND MAINTENANCE.** User shall not (a) use, operate, maintain or store Equipment improperly, carelessly, unsafely or for any purpose other than in the conduct of User’s business; (b) abandon any Equipment; (c) sell or sublease any Equipment, permit use of the Equipment by anyone other than User, dismantle or in any manner tamper with the Equipment, or change the location of the Equipment from User’s location specified above, without the prior written consent of KSCI; (d) create or allow to exist any lien, claim, security interest or encumbrance on any Equipment or any of its rights hereunder.

7. **MAINTENANCE, INSPECTION & REPLACEMENT.** KSCI, at its expense, will replace or repair equipment that becomes out of order in the course of normal usage. User shall be responsible for the cost of all routine calibration or certification. Subject to User’s government security regulations, KSCI shall be permitted to service the Equipment on User’s premises. In the event that service at User’s premises is not feasible in the opinion of KSCI, User shall ship the Equipment to KSCI at User’s expense. Any replacement equipment shall be governed by this Lease Agreement. KSCI’s inability for any reason to repair or furnish a replacement hereunder shall work a termination of this Lease Agreement at KSCI’s option, in which case the prepaid annual rent relating to the unexpired portion of the term of this Lease Agreement shall be refunded to User.

8. LOSS OR DAMAGE. User shall bear the risk of any Casualty Occurrence (e.g., any of the Equipment is lost, stolen, destroyed, taken by or through government action or, in KSCI's opinion, irreparably damaged) or other damage from the time of delivery of the Equipment to User until it is returned to KSCI. User shall give KSCI prompt notice of any Casualty Occurrence or other damage to the Equipment and shall reimburse KSCI for all costs of repair or replacement, as the case may be.

9. INSURANCE. User, at its sole expense, shall keep all Equipment insured for the benefit of KSCI against all loss or damage for not less than eight times the original rental amount. All such insurance shall name KSCI as loss payee. User shall promptly notify KSCI of any occurrence that may become the basis of any insurance claim and shall provide KSCI with all requested pertinent data. User shall promptly deliver to KSCI evidence of such insurance coverage.

10. LIMITATION OF LIABILITY. If User operates the Equipment properly and provides protection normally given a precision instrument, User should experience no gaging errors. IN THE EVENT, HOWEVER, THAT SUCH AN ERROR SHOULD OCCUR, REGARDLESS OF THE CAUSE, KSCI SHALL HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY LOSS OR DAMAGE AS A RESULT THEREOF.

KSCI MAKES NO WARRANTIES AS TO THE EQUIPMENT, EXPRESSED OR IMPLIED, AND KSCI SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NEITHER PARTY SHALL HAVE ANY LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY CLAIMS ARISING FROM OR RELATING TO THIS LEASE AGREEMENT. USER HEREBY INDEMNIFIES AND SAVES KSCI HARMLESS WITH RESPECT TO CLAIMS OF ALL PERSONS OR ENTITIES FOR CONSEQUENTIAL, INCIDENTAL OR OTHER DAMAGES IN CONNECTION WITH THE EQUIPMENT, IRRESPECTIVE OF WHETHER SUCH CLAIMS ARE BASED ON CONTRACT, TORT, STRICT LIABILITY, WARRANTY OR OTHERWISE. UNDER NO CIRCUMSTANCES SHALL KSCI'S LIABILITY UNDER THIS AGREEMENT EXCEED THE AMOUNT OF PREPAID RENT RELATING TO THE UNEXPIRED TERM OF THIS LEASE AGREEMENT.

11. RETURN OF EQUIPMENT. User shall return the equipment to KSCI, at User's expense, (a) whenever replacement equipment shall have been furnished by KSCI, or (b) upon the termination of this Lease Agreement for any reason. Any such return shall be made within five (5) business days of delivery of replacement equipment to User or termination of this Lease Agreement, as the case may be.

12. TERMINATION & DEFAULT. KSCI reserves the right to terminate this agreement at the end of the initial term or any renewal term irrespective of any renewal privileges given to User hereunder. User shall be in default under this Lease Agreement in the event that it fails to comply with any of the terms hereof. Upon default by User, KSCI shall be free to pursue any and all remedies under law, and may terminate this Lease Agreement, and enter the premises where any Equipment is located and take possession of it without notice, liability or legal process, all without releasing User from any obligation incurred prior thereto, and KSCI shall not be required to make any refund to User.

13. DAMAGE TO EQUIPMENT. User shall reimburse KSCI, (a) for any expense, loss or damage suffered because of the failure of User to perform the conditions hereof; (b) for damage to equipment above and beyond normal wear and tear; and (c) for loss or destruction of the equipment.

14. ASSIGNMENT. The rights of KSCI under this Lease Agreement and title to the Equipment may be assigned by KSCI at any time. If notified in writing by KSCI of such an assignment, User shall make all future payment due under this Lease Agreement to the party designated in the notice without offset or deduction. No assignment of this Lease Agreement or any right or obligation under it may be made by User without the prior written consent of KSCI. This Lease Agreement shall be binding upon and benefit User and KSCI and their respective successors and assigns.

15. EFFECT OF WAIVER; ENTIRE AGREEMENT; MODIFICATION OF LEASE; NOTICES. A delay or omission by KSCI to exercise any right or remedy hereunder shall not impair any right or remedy and shall not be construed as a waiver of any breach or default. Any waiver by KSCI must be in writing and signed by KSCI. This Lease Agreement completely states the rights and obligations of User and KSCI with respect to the subject matter hereof and supersedes all prior agreement with respect to the Equipment. No variation or modification of this Lease Agreement shall be valid unless reduced to a writing signed by both parties. All notices hereunder shall be in writing, addressed to the other party at the appropriate address stated above or at such other address as may hereafter be furnished in writing.

16. INVALIDITY. The invalidity of any portion of this Lease Agreement shall not effect the validity and force and effect of the remaining portions thereof.

17. ATTORNEYS' FEES AND COSTS. User shall pay all reasonable attorneys' fees and all costs of collection incurred by KSCI in enforcing its rights hereunder, including but not limited to costs of retaking, holding, preparing for sale or lease, selling, leasing or otherwise dealing with or disposing of the Equipment.

18. CHOICE OF LAW AND JURISDICTION. This Lease Agreement shall be interpreted and the parties' obligations shall be governed by the laws of the State of Missouri without reference to its choice of law provisions, and User hereby consents to the personal jurisdiction of the state and federal courts located in the city or county of St. Louis, Missouri.

ACCEPTED at St. Louis, Missouri

K S & C Industries, LLP

("User")

By _____

By _____

Date _____

Date _____