

PURCHASING GENERAL TERMS AND CONDITIONS

Buyer OBJECTS in advance to inclusion or different terms proposed by Seller in his acceptance or acknowledgement of this order. The inclusion of such terms by the Seller will be of no significance, and such terms will not be conditions or additional terms to this order and Buyer's acceptance of Seller's goods shall not be deemed as an acceptance of such terms. Unless otherwise stated on the face of this order, the following terms and conditions shall apply.

1.0 ACCEPTANCE: This order is accepted by Seller promptly mailing to Buyer its written acceptance within ten (10) days of order date, or commencement of performance by the Seller. Acceptance is limited to the terms and conditions of this order.

2.0 AGREEMENT: The agreement shall be governed by the laws of the state of California, without regard to the choice of law provisions thereof. This Purchase Order, including the pertinent drawings and specifications, if any, shall constitute the entire agreement between the parties and supersedes all offers, negotiations and agreements relating to the subject matter hereof. No condition inserted by the Seller in acknowledging or accepting this order shall be effective if in conflict with the terms and conditions stated herein unless such conditions are accepted in writing by the Buyer. No waiver by Buyer of any default shall be deemed a waiver of any subsequent default. Either the Buyer or the Seller may assign his rights under this contract but neither may without written consent of the other delegate his performance to an assignee. If any provision of this Purchase Order is found to be unenforceable by any judicial or administrative body, the other provisions hereof shall not be affected thereby and shall remain in full force and effect. Typographical and clerical errors are subject to correction.

3.0 SHIPPING INSTRUCTIONS AND INVOICING: Seller agrees to properly prepare all goods for shipment so as to prevent damage in transit to comply with Buyer's shipping instructions and/or routings, and to ship in accordance with the requirements of common carriers in a manner to secure lowest transportation cost. No additional charge shall be made to the Buyer unless otherwise stated herein in connection with the foregoing. Seller shall bear the risk of loss, deterioration or damage until the goods are delivered as herein required.

3.1 Seller shall be paid, upon submission of properly certified invoices (in duplicate) the prices, stipulated for goods delivered and accepted or services rendered and acceptance, less deductions, if any, as herein provided. Also see paragraph 5.0 below.

4.0 DELIVERY: Delivery shall be in accordance with the order and time is of the essence. When the Seller has reason to believe the deliveries will not be made as scheduled, written notice concerning the cause of the delay and estimated delivery date shall be given immediately to the Buyer. If shipment by premium transportation becomes necessary in order to fulfill the Seller's delivery obligation transportation charges, in excess of any he has previously agreed to pay, for this premium transportation shall be paid by Seller. Nothing contained in this article shall prevent termination by the Buyer under provisions of the order.

4.1 Seller shall not manufacture in advance of time reasonably required to meet deliveries set forth in this order. Buyer reserves the right to return collect, or to store at the Seller's expense, all goods received at Buyer's plant more than one week in advance of schedule shown on this order.

4.2 In the event of fire, strikes, lockout, accident, war, or other causes beyond Seller's control interfering with the manufacture or the transportation of the goods herein described or of the Seller's manufactured products, then the deliveries under this order may be suspended by Buyer during the period required to remove the cause, without additional cost to Buyer.

4.3 Delivery of any portion of this Purchase Order constitutes acceptance of this order.

5.0 INSPECTION SPECIFICATIONS: All goods shall be in accordance with the specifications specified on this Purchase Order as revised and shall be subject to inspection and test by the Buyer during manufacture where practical and at all other times and places. All goods shall be received subject to Buyer's inspection and acceptance regardless of source inspection. Inspection or test of, or payment for, and goods shall not constitute an acceptance thereof by the Buyer does not relieve Seller of liability for latent defects or fraud. The Buyer shall have the right to reject any goods found to be defective in material, workmanship or otherwise not in compliance with the requirement or correction by Seller. If any goods fabricated by Seller from material furnished by Buyer is rejected due to Seller's fault or failure to meet the requirements of this order, Seller shall pay Buyer the replacement cost of the material or tools damaged while in Seller's possession. Goods returned to Seller will be charged back or debited to the Seller at full Purchase Order price. All transportation charge on rejected items shall be paid by the Seller.

6.0 WARRANTY: Seller expressly warrants that all goods covered by this order will conform to the specifications, drawings, samples or other description furnished or specified by Buyer, and will be merchantable: of good material and workmanship and free from defect. Seller expressly warrants that all goods covered by this order which are of Seller's design or are Seller's standard product or are in accordance with the Seller's specifications, will be for and sufficient for the purpose intended. Payment for, inspection of, or acceptance of the goods shall not constitute a waiver of any breach of warranty. The warranties of the Seller together with the service guaranties shall extend to Buyer's customer.

7.0 CHANGES: No changes in the order shall be made by the Seller without prior written amendment by Buyer's authorized procurement representative. The Buyer shall have the right to make changes in or additions to the drawings, designs and specifications of material specially manufactured, to issue additional instructions, or to reduce or increase the quantity, or to modify the method of shipment or packing or place of delivery. If any such change causes an increase or decrease in the time required for, or the cost of the performance of this order, an equitable adjustment in the contract price or delivery schedule will be made and this order will be modified in writing accordingly. Any claim for adjustment under this provision must be asserted by the Seller within thirty (30) days from the date a change is ordered. However, nothing in this provision shall excuse the Seller from proceeding with the order as changed.

8.0 BUYER FURNISHED PROPERTY: All drawings, materials, tools, specifications, date and other items furnished or specifically paid for by Buyer shall be the property of Buyer, and shall be returned on completion of Seller's work without additional cost, shall be used only in filling orders for the Buyer, shall be kept separate and shall be clearly identified as the property of Buyer. Seller assumes all liability for loss or damage, with the exception of normal wear and tear, and agrees to supply detailed statements of inventory as requested by Buyer. This Purchase Order shall not grant or convey to Seller any right to reproduce the articles called for hereunder, or the drawings, specifications, data, tools, or other items furnished hereunder for anyone other than Buyer.

8.1 Tooling: Unless otherwise specified in this order, all tooling and/or articles required for the performance hereof shall be furnished by Seller; shall be maintained in good condition; and shall be replaced when necessary at Seller's expense.

9.0 INSURANCE: Seller shall carry insurance (fire and extended coverage) against the usual risk of loss covering any property belonging to Buyer so long as such property shall be in the possession or control of Seller or in transit from Seller's plant for delivery as called for herein, which insurance shall be payable to Buyer and Seller as their interest may appear.

10.0 PATENTS, TRADEMARKS, AND COPYRIGHTS: The Seller warrants that the sale or use of its products shall not infringe any United States or foreign patent, trademark, or copyright, and the Seller undertakes to indemnify the Buyer and Buyer's customers, licensees, and assigns against all judgments, decrees, costs, and expenses resulting from any alleged infringement and to defend, upon request of the Buyer, its vendees, lessees, licensees, or assigns under any claim of patent infringement in the use or sale of the Seller's products. Seller agrees to obtain like protection from suppliers of materials or items incorporated in the products covered by this order.

11.0 PRICE REDUCTIONS: If during the term of this order, Seller makes a general price reduction in the price of any of the products being purchased by this order at the stated quantities, an equivalent price reduction shall apply to this order for similar quantities placed under this order and unshipped at the time of such general price reduction. Such newly established prices shall apply for the duration of this order or until such prices are further reduced.

12.0 TAXES: This Purchase Order shall not impose upon the Buyer any liability for payment or reimbursement of any tax or taxes now or hereafter imposed by any taxing authority upon the transaction(s) herein, unless the Seller is in acceptance of the Purchase Order or price quotation(s) expressly specifies the nature and amount of the tax to be added hereto and such additional amount is further agreed to by the Buyer. Any tax so imposed and not agreed to by the Buyer shall be paid by Seller.

13.0 DEFAULT: If the Seller fails to make delivery or repudiates or if the Buyer rightfully rejects the goods or revokes acceptance thereof, then with respect to any goods involved and with respect to the whole if the breach goes to the whole contract, the Buyer may cancel all or any part of the contract and, whether or not he has done so, the Buyer may in addition to recovering so much of the price as he has been paid "cover" and have damages as to all goods affected whether or not they have been identified in the contract. The Buyer may "cover" by making in good faith and without unreasonable delay any purchase of or contract to purchase goods in substitution for those due from the Seller. The Buyer shall recover from the Seller as damages the difference between the cost of cover and the contract price together with any incidental or consequential damages but less expenses saved in consequence to the Seller's breach. The foregoing shall not be the exclusive remedies of the Buyer for any such breach by the Seller, but Buyer shall have all other remedies of the Buyer for law or equity. However, Seller shall not be liable for excess costs if failure to perform is beyond the control without fault or negligence of the Seller. If Seller is determined to be without fault, notice of default shall be deemed issued pursuant to the Termination Article of this contract.

14.0 TERMINATION: Buyer may terminate work under this Purchase Order in whole or in part at any time by written or telegraphic notice to Seller. Upon termination in whole or in part of the work under this Purchase Order by Buyer pursuant to paragraph above, Seller will as to the terminated portion of this Purchase Order, stop work immediately, notify subcontractors to stop work and protect property in Seller's possession in which Buyer has or may acquire an interest. Except where such termination is occasioned by default or delay of Seller, Seller may claim reimbursement on forms which Buyer will furnish on request, for Seller's actual cost incurred up to and including the date of termination which are properly allocable or apportionable under recognized accounting practices to the terminated portion of the Purchase Order, including liabilities to subcontractors previously billed or paid for, but excluding any charge for interest or any materials which Seller may be able to divert to other orders. Seller may also claim a reasonable profit on the work actually done by the Seller prior to such termination, the rate of which shall not exceed the rate used in establishing the original Purchase Order price. The total of such claim shall not, however, exceed the cancelable commitment value of this Purchase Order. Nothing contained in this paragraph shall be construed to limit the effect of any remedy which Buyer may have as a result of default by Seller.

15.0 IDENTIFICATION OF DOCUMENTS: All documents submitted to the Buyer in connection with this order, i.e., invoices, packing sheets, correspondence, etc., shall be identified with the Purchase Order number, the applicable Purchase Order item number, Buyer's part number as applicable, and Buyer's description of the item being purchased. Failure to comply with this provision may result in rejection of the documents or the shipment or both.

16.0 INSOLVENCY OF SELLER: If the Seller shall become bankrupt, insolvent, or make an assignment for the benefit of creditors, during the term of the contract, this contract shall be deemed breached by the Seller, and the Buyer shall have the right to terminate this contract by serving written notice of termination. Such termination shall not affect any claim for damages available to Buyer.

17.0 BUYER'S REMEDIES: Shall be cumulative, and remedies herein specified do not exclude any remedies allowed by law. Waiver of any breach shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any terms on payment therefore shall not waive any breach.

18.0 COMPLIANCE WITH LAWS: Liability for Injury: Seller shall indemnify, defend, and hold harmless Buyer from and against any loss, damages, costs, liability, expenses, causes of action, or injuries arising out of, associated with, or caused in any way by actual or alleged violation by Seller or Seller's products of: (I) any federal, state, or local law, ordinance, rule, or regulation, or (II) any provision of these Terms and Conditions and the agreement between Buyer and Seller.

19.0 SELLER'S QUALITY PROGRAM: This clause defines the basic requirements and responsibilities of the Seller's Quality Program as it pertains to assuring compliance with Buyer's Purchase Orders. The Seller shall prepare, use, and maintain written instructions for inspections and tests performed in accordance with the terms of this Purchase Order. The instructions shall include identification of the item to be inspected or tested, measuring and test equipment to be used, details of inspection and test operations to be performed and the criteria for determining conformance or nonconformance to Purchase Order requirements. Such records shall be made available to the Buyer for review on request.

19.1 The Seller's Quality Program shall ensure that procured supplies and services comply with drawings and specifications. All specified Buyer Quality Program requirements shall be conveyed to sources utilized by the Seller and no changes that affect these drawings or specifications shall be made unless specifically authorized by the Buyer.

19.2 The Seller's Quality Program shall specify in writing that any materials which do not conform with the specifications of this Purchase Order shall be withheld from fabrication. All materials shall be positively identified and nonconforming material shall be removed from the normal production flow until disposition is complete. Discrepancies in material which are not corrected must be reported to the Buyer for disposition.

19.3 Raw material furnished, or used by the Seller in fabrication of products, shall conform to applicable chemical, physical and other technical requirements. Evidence of the conformance shall be contained by the vendor.

19.4 Calibration and certification of inspection and test equipment shall be traceable to the National Bureau of Standards. Parts and/or material, packing lists, certifications and other applicable documents must be identified by the manufacturing lot or batch number. The manufacturing lot or branch number shall be stamped on identifying tags or on the smallest unit packaged by the Seller. Date codes when used must be in compliance with specifications set forth by Buyer.

19.5 The Seller shall control all preserving, packaging, shipping, and handling to ensure that all materials are adequately protected during all phases of contract performance.

EQUAL EMPLOYMENT OPPORTUNITY

The provisions of Executive Order 11246, as amended by Executive Order 11375 (Equal Employment Opportunity) 38 USC 2012 (Vietnam Era Veterans Readjustment Assistance Act of 1974), Section 503 of the Rehabilitation Act of 1973 (Handicapped Regulations) and the implementing regulations found at 41 CFR 60-1&2, 41 CFR 60-250, and 41 CFR 60-741, A. are hereby incorporated by reference.