

TERMS AND CONDITIONS OF SALE

1. PRICE

1.1 Prices and charges stated herein shall be adjusted to and invoiced at Seller's prices and charges in effect at time of shipment.

1.2 Prices quoted do not include any sales, use, excise or other direct tax on goods sold. Any such tax will be added to the price and buyer shall pay or reimburse Seller the amount of any such tax Seller may be required to pay or collect

2. TERMS

2.1 All service charges are due upon Buyer's approval of samples. Otherwise, all terms are cash net 30 days from delivery or date of invoice, whichever is sooner, unless otherwise specified in writing. All payments shall be made in United States Dollars.

2.2 All materials are sold F.O.B. Seller's plant. All freight and shipping costs shall be charged to and borne by Buyer.

2.3 All orders, shipments and deliveries shall be subject to the approval of Seller and Seller reserves the right to suspend shipments pending clarification of Buyer's credit status.

2.4 A service charge equal to the lesser of 1.5% per month or the maximum allowed by law will be made for maintaining an open account and carrying forward unpaid balances for more than 30 days.

3. DELIVERIES AND FORCE MAJEURE

3.1 Delivery schedules are subject to mill conditions are estimates only and are not guaranteed. Seller reserves the right to ship material in advance of quoted delivery schedule.

3.2 Seller shall not be liable for any failure or delay in performance hereunder order arising in any way from any action, order or requirement of any local state or federal government agency which would cut, curtail or force cessation of operations to be used in producing this order or make such operation economically impracticable in Seller's opinion, nor shall Seller be liable for any failure or delay in performance hereunder due to causes beyond its control including without limitation, acts of God or public enemy, flood, fire, earthquake, hostilities, war (declared or undeclared), acts of either general or particular application of de jure or de facto government or any of its subdivisions, bureaus or agencies, strikes or other labor troubles, whether direct or indirect, riots, insurrections, civil commotion, failure of usual means of supply, or loss or shortages of labor, transportation, raw materials or energy sources.

4. LIMITATION OF WARRANTY AND DISCLAIMER OF LIABILITY

4.1 Seller warrants that all material sold hereunder will be free from defects in material and workmanship, will comply with Section 6 below and will meet the specifications shown on the face hereof. Seller is responsible only to the extent of replacing or correcting, F.O.B. Seller's plant, material rejected due to defects in material or workmanship as reported to seller within 30 days after shipment. THIS EXPRESS WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE

4.2 Seller's liability for breach of warranty or failure or delay in performance shall not include incidental or consequential damages. Further, but without limiting the generality of the foregoing, Seller shall not be responsible for damages measured by value added by Buyer prior to discovery of a defect on account of machine work, labor, manufacturing or repair costs or other reasons.

5. EQUIPMENT

5.1 In the event Seller must obtain any equipment (including jigs, dies and tools) to comply with Buyer's specifications, Seller may impose a service charge based on its cost. Notwithstanding the imposition of any service charge, such equipment shall be and remain Seller's property. Such equipment, however, shall, during its useful life, be used by Seller exclusively for the manufacture of products ordered by Buyer. If, during any period of 36 consecutive months, no orders are received from Buyer for products to be manufactured with such equipment, Seller may, after 30 days written notice to Buyer, use or dispose of the equipment in such manner as seller determines, for value or otherwise, without liability or accountability to Buyer.

5.2 Any equipment provided by Buyer to Seller is provided at the risk of Buyer. Seller shall not be liable for loss or damage to any equipment belonging to Buyer whether or not caused by the negligence of Seller or its employees.

6. BLUEPRINTS, SPECIFICATIONS AND TOLERANCES

6.2 All orders are accepted with the understanding that parts or material furnished will be in accordance with blueprints and specifications furnished to Seller by Buyer and specifically agreed to and accepted by Seller in writing. (Buyer's order may provide for the use of blueprints or specifications provided to and accepted by Seller in connection with a previous order.)

6.3 All dimensional and quantity tolerances shall be in accordance with FIA standards.

7. CHANGE ORDERS AND CANCELLATION

7.1 Any change in blueprints or specifications shall be in writing and Seller shall not be bound by such change unless accepted in writing by Seller.

7.2 Buyer shall be liable for and shall promptly reimburse any and all costs incurred by Seller for materials, tooling and engineering from the date of inception of the order (oral or written) to the date of requested changes, stop order or cancellation.

8. PATENTS

8.1 Buyer shall save Seller harmless from any liability, costs or expenses or any kind or nature, including without limitation attorneys' fees, arising out of or by reason of infringement or alleged of any patent in the manufacture of any sale or use of any product described in Buyer's specifications or design.

9. DEFAULT INDEMNITY

9.1 In the event of a breach or default by Buyer hereunder, Seller shall have the following remedies in addition to any other remedies provided by law or equity: (a) Seller may cancel the order and recover all such damages as to which it may be entitled by law. (b) Buyer shall be liable for any and all expenses incurred by Buyer in enforcing its rights hereunder, including without limitation attorney's fees actually incurred. Further, Seller's obligation to use equipment in accordance with Section 5.1 hereof shall immediately terminate.

9.2 Buyer agrees to indemnify Seller, its successors and assigns for all liability, loss, cost, damage or expense, including attorney's fees, which Seller, its successors or assigns may suffer or incur as a result of Buyer's use of the material ordered hereunder or the breach of any term or condition hereof.

10. GENERAL

10.1 Buyer's acceptance of delivery or of Seller's quotations and placement of an order shall constitute an acknowledgment of these conditions of sale as written. Any orders with conditions taking exception to these conditions of sale shall not be binding upon Seller unless such changes are agreed to in writing by an executive officer of the Seller

10.2 This Document and Buyer's order constitute a contract which represents the entire agreement between buyer and Seller with respect to the subject matter hereof. 10.3 The contract between Buyer and Seller shall be governed by the laws of the State of California.

10.4 No waiver of any provision hereof shall constitute a waiver of any other provision or breach hereof.