

CONDITIONS OF ACCEPTANCE

Our acknowledgment and acceptance are subject to the following conditions:

SHIPPING

1. Unless definite shipping instructions accompany the order, shipments will be routed at the discretion of our traffic department.
2. Each shipment shall be treated as a separate and distinct contract, but if the Buyer shall fail to fulfill the terms of payment, the Seller may, at its option, without prejudice to any other lawful remedy, defer further shipments hereunder or stop any shipments in transit, until the Buyer shall have made such overdue payment and shall have paid in advance for such deferred delivery or for such shipments stopped in transit, or the Seller may defer any further deliveries hereunder until the Buyer, if the Seller so elects, shall have satisfied the Seller of the Buyer's financial responsibility.
3. All goods are shipped at Buyer's risk and are sold F.O.B. shipping point. If material is received in damaged condition, Buyer should contact transportation agent and immediately file claim.

DELIVERIES

1. The Seller shall not be liable for any delay in manufacturing or delivering any of the goods hereunder if such a delay shall be due to one or more of the following causes: fire; strikes; lockouts; disputes with workmen; epidemics; floods; accidents; delays in transportation; shortage of freight cars, fuel or other material; shortage of labor; war; blockades; embargoes; acts, demands or requirements of the United States, or of any state or territory thereof, or of any governmental subdivision of any thereof; restraining orders or decrees of any court or judge of competent jurisdiction; or any other cause whatsoever, whether similar or dissimilar to those hereinbefore enumerated, beyond the reasonable control of the Seller and the existence of any such cause or causes of delay shall extend the time of performance by the time or times measured by any such cause or causes of delay. Buyer shall not have the right to hold Seller responsible for any proximate, incidental, consequent or any other damages resulting from Seller's failure to deliver within the time stated and Buyer hereby waives its rights to such damages.
2. The Seller shall not be liable for delivery after a receipt is obtained by Seller showing delivery in good condition to the transportation company.

CLAIMS FOR SHORTAGES

The Seller shall not be liable for any shortages in shipment unless Buyer shall make written claim therefor within ten (10) days after receipt by Buyer of the goods, which written claim shall be accompanied by Sellers' packing list.

CLAIMS FOR DEFECTS

1. If any claims shall arise with respect to defects in quality or in the manufacture of the goods shipped, the Seller shall not be liable therefor unless the Buyer shall present its written claim therefor to the Seller, within ten (10) days after the receipt of any shipment involved in such claim, or in the case of any other claim, within ten (10) days after any such claim shall accrue, and a failure to present any such claim within the time fixed shall constitute to a waiver of every such claim or claims.
2. The Seller shall not, in any event, be liable for any damages that may result from the use of the material sold hereunder.

LIMITATIONS OF CLAIMS

The exclusive remedy of claims against Seller shall be to give it written notice thereof within ten (10) days after receipt by Buyer and: (A) if the claim is for a shortage, to require the Seller to make up the shortage within ninety (90) days of Seller's receipt of the notice; or (B) if the claim is for defects, upon receipt of Seller's approval, return such nonconforming goods to the Seller collect within thirty (30) days after receipt thereof by Buyer, whereupon Seller at its election shall repair or replace the same or repay the price thereof.

WARRANTY STATEMENT

1. The Company will replace free of charge within three (3) months of date of sale, any product which has failed in normal use and

service due to defects in material or workmanship. Such product must be returned to the Company transportation charges prepaid.

2. The provisions of this warranty shall not apply to any product which has been subjected to misuse, negligence of accident or which shall have been repaired or altered in any way so as, in the judgement of the Company, to affect adversely its performance and reliability, nor which is used for a purpose for which it is not designed.

DISCLAIMER OF WARRANTIES

THE FOREGOING AGREEMENT TO REPLACE DEFECTIVE PARTS IS BUYER'S EXCLUSIVE REMEDY AND IS EXPRESSLY IN LIEU OF, AND IS HEREBY IN DISCLAIMER OF, ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AS WELL AS ALL OTHER IMPLIED WARRANTIES, IN LAW OR EQUITY, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON SELLER'S PART. SELLER'S

THE AGREEMENT HEREUNDER RUNS ONLY TO THE IMMEDIATE PURCHASERS AND DOES NOT EXTEND, EXPRESSLY OR BY IMPLICATION, TO ANY OTHER PERSON. IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHICH BUYER HEREBY WAIVES. THIS WARRANTY SHALL BE GOVERNED BY THE UNIFORM COMMERCIAL CODE.

TERMINATION

Seller may, at its option, terminate this agreement whenever the Buyer shall fail to comply with any of the provisions hereof, and this agreement shall terminate at once, and without notice, if and when Buyer shall be adjudicated bankrupt or insolvent, or shall make an assignment for the benefit of creditors, or a receiver is appointed for the Buyer.

CANCELLATION

If accepted by the Seller, orders cancelled by the Buyer are subject to a charge equal to ten percent (10%) of the invoice amount. However, if Seller has commenced production operations (including but not limited to material acquisition, engineering/design, R&D, manufacturing, outside processing, etc.), cancellation charges shall be based upon Seller's incurred expenses and/or outstanding liability plus appropriate margin.

LABOR LAWS

The Seller agrees to comply with all applicable provisions of federal and state labor laws.

RETURNS

Goods will not be accepted for credit except with Seller's written permission and issuance of return authorization. All returns must be unused, in new condition, and of standard manufacture. They are subject to a handling charge as stated by Seller, with transportation charges prepaid to point of origin of shipment unless instructed otherwise. Shipments of material returned without authorization or improperly tagged or not prepaid are subject to refusal and immediate return to the shipper. Products which are obsolete or made to special order are not returnable.

SPECIAL ITEMS

Orders for special products are subject to a ten percent (10%) overrun or underrun and applicable charges arising therefrom.

TERMS

Terms of payment: As shown on face. Late payments may be subject to a service charge of one and one-half percent (1.5%) per month, or portion thereof, that payment is made after the payment due date reflected on the invoice. Interest may also be charged on past due accounts at the maximum legal rate per annum. Seller reserves the right to ship C.O.D. or refuse shipment or delivery of the goods referred to herein, or any part thereof, in the event that it, in its sole discretion, decides that the outstanding indebtedness of the customer exceeds reasonable credit allowances.

ACCEPTANCE

All orders must be in writing and are not binding until accepted by the Seller's office.

TAXES

Unless specifically exempted, all sales, use and any other Federal, State, Municipal or Governmental tax will be invoiced to the Buyer as a separate item in addition to the price of the goods and are to be paid by the Buyer.

LEGAL OBLIGATIONS

1. By this acknowledgment Seller accepts no terms other than those set forth above. Receipt of this acknowledgment by the Buyer without written direction to the Seller within ten (10) days from the date of this acknowledgment shall constitute acceptance of these terms by the Buyer.

2. Should Buyer desire to add to or to alter any of the foregoing terms, the Buyer shall notify the Seller thereof in writing within ten (10) days of the receipt of this acknowledgment and the same shall be subject to negotiation and separate written acceptance by the Seller.

3. Any acceptance by Buyer of goods shipped hereunder shall of itself constitute an acceptance of the terms hereof.

4. All the terms of this agreement are herein set forth, and no change in or addition to the terms and provisions hereof, shall hereafter be made, unless approved in writing by the Seller. No oral statements, warranties, representations, stipulations or terms shall have any binding effect or be any part of the contract whatsoever.

5. Sales of goods hereunder are made in the State of California and shall be construed in accordance with and governed by the laws of the State of California.

ATTORNEY'S FEES

In the event that any action or proceeding is instituted with respect to these provisions, the prevailing party in such action or proceeding shall recover from the other party its reasonable attorneys' fees and costs incurred therein.