

GENERAL TERMS AND CONDITIONS OF SALE

- Agreement:** The terms and conditions set forth below, together with those appearing on the quotation and sales order acknowledgement (collectively, the "Terms and Conditions") constitute the complete and exclusive agreement between Sorenson Engineering Inc. (SEI) and the buyer identified on the face of the quotation or order acknowledgement (collectively, the "Contract"). The Terms and Conditions take precedence over any additional or different terms and conditions of the buyer, to which objection is hereby made by SEI. No right or interest in a Contract may be assigned by buyer without the prior written permission of SEI, and no delegation of any obligation by buyer may be made without the prior written permission of SEI. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless in conformity with this paragraph.
- Quotations:** Stenographic and clerical errors are subject to correction. All Contracts are subject to acceptance at SEI home office in the City of Yucaipa, County of San Bernardino, State of California, USA.
- Quantities:** Buyer agrees to accept over/under runs not to exceed 10% of ordered quantity on each line item. Closer control of quantity requires special prior written arrangements with SEI.
- Cancellations:** Contracts may be cancelled or deliveries thereunder deferred only upon condition that the buyer assumes in writing immediate liability and, prior to such cancellation or deferment, makes payment in full to SEI for all work completed and in process. Charges to buyer for such work shall include raw material, un-amortized tooling, engineering, handling, overhead, and production costs. Such charges will be determined by SEI upon receipt of a written request for such cancellation or deferment.
- Delivery:** SEI shall not be liable for damages for default or delay in production or delivery for causes beyond its control including an accident to or breakdown of its equipment, labor disputes, embargoes, acts of God, supplier delays, government restrictions, riot, or carrier delays. Bulk packaging is standard. Buyer shall bear the expense of other packaging.
- Freight:** Terms of delivery are assumed as FOB Point of Origin (Yucaipa, California, USA) unless otherwise agreed to in writing between buyer and SEI. Buyer agrees to responsibility for freight costs associated with a Contract unless otherwise agreed to in writing between buyer and SEI.
- Taxes:** All sales, use, or other taxes and Custom duties imposed by Federal, State, County or municipal authority upon SEI's transfer and delivery of merchandise hereunder shall be paid by buyer.
- Samples:** If requested, SEI will submit samples for approval when commencing production under any Contract. It is understood that SEI machines are to be run immediately. Any changes in original specifications will be made only at buyer's prior written direction and at buyer's sole cost and expense. SEI will be notified of any changes immediately with notice followed by written confirmation.
- Claims:** In all claims for shortages, buyer must notify SEI within 15 days of receipt of shipment. Charges for repair or inspection of parts by buyer, without prior authorization, cannot be honored. Claims will not be honored on those parts further processed by buyer resulting in change of dimensions or characteristics from parts ordered.
- Tools, Dies:** Tools, dies, gages, and fixtures are an integral part of the manufacturing process and included in engineering charges on the job. As a proprietary items, payment by the buyer, whether separately quoted or not, conveys neither ownership nor the right of removal of the same from SEI plant.
- Patents:** The products hereunder are manufactured in accordance with the buyer's specifications and design. Accordingly, buyer shall defend and save harmless SEI from all damages, claims, actions or suits based upon actual or alleged infringement of any patent registered in the U.S or elsewhere. Such indemnity shall include attorney's fees and other costs in defending such claim.
- Warranty:** SEI warrants that products manufactured by SEI will be free from defects in materials and workmanship and conform to the drawings and specifications furnished by the buyer. Such warranties will remain in effect for a period of one (1) year after delivery of the products to buyer. Where products are used and combined with other

equipment or components not furnished by SEI, buyer agrees to indemnify SEI for all claims and expenses resulting from the use or incorporation into buyer's products. No express or implied warranty of merchantability or fitness for use is made except as provided herein.

Governing Law: These Terms and Conditions are governed by the laws of the state of California.

Dispute Resolution: Any controversy or claim arising out of or relating to any Contract, or the breach thereof, shall be settled by arbitration held in the County of San Bernardino, State of California, USA and administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

Limited Liability: SEI liability under any Contract shall be limited to the amount of the Contract. Any action for breach of a Contract must be commenced within one (1) year after the cause of action has occurred. The foregoing states SEI's entire and exclusive liability. In no event will SEI be liable for consequential or special damages arising from any defect or use of its products.

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