

WAVE PRECISION CORPORATION — TERMS & CONDITIONS OF SALE

DEFINITIONS: “WAVE PRECISION” means WavePrecision Corporation with an office in Moorpark, California; “the Buyer” means the person or company to whom this quotation is addressed, “the Product” shall mean the product or products proposed for sale by WAVE PRECISION.

1. Acceptance.

WAVE PRECISION's offer to sell the Product(s) specified in this quotation is expressly conditioned upon acceptance of the terms and conditions stated herein. WAVE PRECISION hereby objects to modifications to this quotation, or any additional or different terms and conditions contained in the Buyer's purchase order, none of which shall be binding upon WAVE PRECISION unless specifically agreed to in writing signed by an officer of WAVE PRECISION. Failure by WAVE PRECISION specifically to object to provisions contained in the Buyer's purchase order shall not in any way be deemed an alteration to or waiver of these terms and conditions.

2. Prices & Shipments.

All prices are FOB carrier at WAVE PRECISION's shipping point for shipments within the U.S. or Canada, and FCA Free Carrier (Incoterms 2000) for international shipments. Buyer is responsible for all costs of transport and insurance. Prices do not include any goods or services, technical data or documentation, proprietary rights of any kind, qualifications, testing or process performance that are not specifically stated herein. Prices are valid for 60 days from the date of this quotation unless otherwise stated on the face of this quotation.

3. Taxes & Other Charges.

Buyer is responsible for the ultimate payment of all federal, state, local, foreign or provincial taxes, fees or charges of any nature whatsoever imposed by any governmental authority that may be assessed or levied on materials sold hereunder. Unless otherwise stated, prices do not include such taxes which will be added to the sales price where WAVE PRECISION has a legal obligation to collect them. If Buyer is exempt, Buyer shall provide WAVE PRECISION with the documentation necessary to support such a claim and to allow WAVE PRECISION to document its decision not to collect such tax.

4. Changes.

Buyer may request changes to the Products after WAVE PRECISION's acceptance of Buyer's purchase order, and WAVE PRECISION will quote any changes in price or time of delivery associated with the requested change. The proposed change shall not become effective unless and until Buyer issues a purchase order recording the WAVE PRECISION quotation.

5. Delivery Dates.

All delivery and shipment dates quoted are approximate and subject to WAVE PRECISION's availability schedule. WAVE PRECISION will make reasonable efforts to meet the delivery date(s) quoted, however, WAVE PRECISION does not assume liability, consequential or otherwise, because of any delay or failure to deliver all or part of an order for any reason. All delivery promises are predicated upon prompt and timely receipt from the Buyer of all necessary information, material samples, documentation, etc., and should be reconfirmed at the time of WAVE PRECISION's written order acceptance.

7. Credit & Payment Terms.

Unless otherwise stated on a quotation, payment terms are net thirty (30) days from date of shipment. All payment terms are conditioned

upon approval of the Buyer's credit and may be withdrawn or amended at any time by WAVE PRECISION at its discretion. WAVE PRECISION reserves the right to change the credit terms provided herein, refuse shipment or cancel unfilled orders at any time when, in its opinion, the financial condition or previous payment record of the Buyer so warrants. If delivery dates are delayed by Buyer, payments are nevertheless due when WAVE PRECISION is prepared to make delivery according to the delivery schedule. No cash discounts for early payment will be granted. Buyer shall be delinquent if payment is not remitted according to the applicable terms. Interest shall accrue on delinquent invoices at the rate of 1.5 percent per month, subject to federal, state and local laws, on the amount of the unpaid balance from the original due date of the invoice. In the event WAVE PRECISION refers delinquencies to an attorney or an agent for collection, Buyer shall pay all costs of collection, including reasonable attorney's fees. Should Buyer become delinquent in the payment of any sum due hereunder, all contractual obligations of WAVE PRECISION to the Buyer shall terminate.

8. Security Interest.

Buyer agrees that WAVE PRECISION shall retain a security interest in the Products to secure any portion of the purchase price not paid, and Buyer will, on request, execute a security agreement in such form as is required by WAVE PRECISION. WAVE PRECISION shall have all rights and remedies accorded by law or equity to a secured seller, including the right to enter upon the premises where the Products shall be located for purposes of removing or rendering them inoperative, and all such rights and remedies shall be cumulative. Buyer shall maintain insurance against all risks to cover full replacement value of the Products until WAVE PRECISION has been paid in full.

9. Cancellation Charges.

Buyer agrees to pay to WAVE PRECISION a cancellation charge in the event it (1) cancels any order or portion thereof or (2) fails to meet any obligation thus causing cancellation. Such charges will be computed based prorated by work completed on the order, unless otherwise stated in this quote. Buyer agrees that this charge is a reasonable approximation of the damages that would result from its cancellation, and that the charge is not a penalty, but is used as a means to avoid the difficulty of proving the actual damages incurred by WAVE PRECISION. No order may be canceled after delivery has occurred.

10. Acceptance Criteria & Documentation.

a) Standard Price List Products. Buyer agrees to accept upon delivery Products which are items from WAVE PRECISION's standard price list and for which Buyer has not required a performance test (see (b) below) upon demonstration to Buyer's reasonable satisfaction that the Products are in material conformity to WAVE PRECISION's published specifications in effect at the date of WAVE PRECISION's acceptance of Buyer's purchase order.

b) Custom Products & Products Ordered for a Particular Purpose.

If Buyer requires criteria other than WAVE PRECISION's published specifications to become conditions of Buyer's final acceptance and payment for the Product, Buyer must specify the particular purpose and acceptance criteria to WAVE PRECISION to be included in this quotation or a separate writing to be included in the contract signed by WAVE PRECISION. Buyer shall furnish all tools, instruments, procedures, training and materials necessary to perform the

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acceptance test. The Buyer shall be responsible for calibration of the test. The acceptance test will be performed by WAVEPRECISION at its facility, unless otherwise agreed, and provide a certificate of conformance to the Buyer. The Buyer may request to witness the test but shall not cause unreasonable schedule delay.

11. Warranty.

WAVE PRECISION provides a limited warranty on the Product, the terms and conditions of which are contained in a separate written Warranty. WAVE PRECISION DISCLAIMS ALL OTHER WARRANTIES EXPRESS OR IMPLIED.

12. EXCLUSIVE REMEDIES.

THE REMEDIES PROVIDED HEREIN ARE BUYER'S SOLE AND EXCLUSIVE REMEDIES. NEITHER WAVE PRECISION NOR BUYER SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON CONTRACT, TORT OR OTHER LEGAL THEORY ARISING OUT OF THE SALE, INSTALLATION, SERVICE OR USE OF THE PRODUCTS, EVEN IF WAVEPRECISION HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH LOSSES, AND IN NO EVENT SHALL WAVE PRECISION'S LIABILITY EXCEED THE UNIT PRICE OF THE DEFECTIVE PRODUCT OR OF THE PRODUCT SUBJECT TO LATE DELIVERY. WAVE PRECISION NEITHER ASSUMES NOR AUTHORIZES ANY AGENT, EMPLOYEE, REPRESENTATIVE OR ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE SALE, INSTALLATION, SERVICE OR USE OF ITS PRODUCTS.

13. Patents and Intellectual Property.

a) Buyer warrants that it has all right, title and interest in all products, drawings, designs, documents and specifications that it provides to WAVEPRECISION, its subsidiaries and affiliates and their respective directors, officer, employees for WAVE PRECISION's use in providing goods and/or services for the Buyer. Buyer shall, at its own cost and expense, indemnify, defend and hold WAVEPRECISION harmless from and against any breach of the foregoing warranty and any claim, suit, proceeding, liability, damage and/or expense (including reasonable attorney's fees) relating to a claim of infringement of any third party intellectual property rights (such as but not limited to patents, copyrights, trade secrets or trademarks) which results from or relates to (a) WAVE PRECISION's use of any Buyer products, drawings, designs, documents and/or specifications; and/or (b) WAVE PRECISION's compliance with any Buyer drawings, designs, specifications, documents and/or instructions.

b) If a WAVE PRECISION Product is the subject of any claim, suit, or proceeding relating to a claim of infringement of any third party intellectual property rights WAVEPRECISION will, at its own expense, defend all actions or proceedings instituted against the Buyer and pay any award of damages assessed against the Buyer in such actions or proceedings, provided the Buyer gives WAVE PRECISION immediate notice in writing of the institution of the actions or proceedings and permits WAVE PRECISION through its counsel to defend the same

and gives WAVE PRECISION all needed information, assistance and authority to enable WAVE PRECISION to do so. If Product in such action is held to constitute infringement and its use enjoined, WAVE PRECISION, within a reasonable time and at its sole option, will either secure for the Buyer the right to continue using said Product by suspension of the injunction, by procuring for the Buyer a license, or otherwise or will refund the sums paid therefore for the Product.

14. Authority to Export.

All orders accepted for export are subject to issuance of an export license by the United States Government for export of the Product(s), and subject to the Buyer providing WAVE PRECISION with the relevant import certificate or any other document necessary to secure such export license and/or to permit the import of such goods into the country of destination.

15. Miscellaneous.

a) **Applicable Laws.** This contract shall be construed in accordance with the laws of California without regards to its conflict of law provisions.

b) **Confidential Data & Information.** If, in connection with the sale, purchase, use or maintenance of the Product(s), WAVE PRECISION is requested, required or deems it advisable to furnish data or information which it deems proprietary, confidential or both, WAVE PRECISION shall not, in any event, submit or be required to furnish such data or information until Buyer enters into an agreement concerning the handling, use, copying, retention and return of such information, the form of which agreement is available to Buyer upon request.

c) **Proprietary Rights.** WAVE PRECISION retains for itself all proprietary rights in and to all designs, engineering details, and other data and materials pertaining to all goods supplied by WAVEPRECISION and to all discoveries, inventions, patents and other proprietary rights arising out of the work done in connection with the goods or with any and all products developed as a result thereof, including the sole right to manufacture any such products. Buyer warrants that it will not divulge, disclose or in any way distribute or make use of such information, and that it will not manufacture or engage to have manufactured such products.

d) **Force Majeure.** WAVE PRECISION shall not be responsible for any failure to perform the contract formed hereunder due to causes beyond its control, including, but not limited to, acts of God, labor disputes or shortages, acts of government or judicial action, or inability or delay in securing parts or components, all whether foreseen or unforeseen.

e) **Assignment.** None of the rights, duties or obligations defined herein may be assigned, transferred or delegated.

f) **Non-waiver.** WAVE PRECISION's failure to exercise any of its rights for any period shall not constitute or be deemed a waiver or forfeiture of such rights.

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LIMITED WARRANTY

WAVE PRECISION warrants that the parts and materials sold to Buyer is free from defects in material and workmanship. WAVE PRECISION warrants that the parts and materials sold to the Buyer conforms to WAVE PRECISION's published specifications or to any agreed upon specifications between WAVE PRECISION. Unless otherwise specifically agreed to in writing, this warranty is nontransferable and creates no rights for any third party.

Warranty Period:

The Warranty Period begins upon the earlier of, (i) first commercial operation of the equipment by Buyer or (ii) 30 days after shipment of the Product to Buyer. The Warranty Period ends ninety (90) days thereafter unless another period is defined in the contract for the sale of the Product.

Remedy:

As Buyer's exclusive remedy under this warranty, WAVE PRECISION will repair or replace defective parts with new or remanufactured parts. WAVE PRECISION may choose any method of repair or replacement at its option. WAVE PRECISION may elect at any time to fully discharge its warranty obligation by accepting return of the equipment and refunding the purchase price paid by Buyer.

Exclusions:

WAVE PRECISION makes no express warranty and excludes all implied warranties with respect to: systems into which WAVE PRECISION parts and materials are incorporated.

Voidance:

This warranty will become null and void in the following circumstances:

- (i) Improper disassembly, reassembly, repair or alteration of the parts not performed by WAVE PRECISION's staff.
- (ii) Accident, misuse or abuse or operation of the parts in environments contrary to those specified by WAVE PRECISION.
- (v) Damage during transportation.
- (vi) Buyer's failure to pay the full purchase price for the parts according to the payment terms of the contract for sale.

Disclaimer:

WAVE PRECISION shall in no event be liable for any incidental, consequential or special damages, whether sought for breach of contract, breach of warranty, express or implied or on account of tort or under any other legal theory, even if WAVE PRECISION has been advised of the likelihood of such losses.

THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, WHETHER STATUTORY OR OTHERWISE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.