

SATORI SEAL CORPORATION GENERAL TERMS OF SALE

1. **PRICE:** Unless otherwise specified, the prices shown do not include any taxes or shipping charges.

2. **QUANTITY PRICING:** Prices quoted are consistent with quantity ordered and are computed separately for each product item. If an order is canceled, the unit price may be adjusted to the price applicable to the uncanceled quantity, if any.

3. **TAXES:** Unless prohibited by statute, Buyer agrees to pay to Seller the amount of any Federal, State, City or other tax which Seller may be required to pay on account of the ownership at the place of installation, or the manufacture, transportation, sale or use of the material and equipment which are the subject of this Order.

4. **TERMS OF PAYMENT:** Unless stated otherwise, each invoice is payable within 30 days after the invoice date. Buyer may deduct a 1% discount from each invoice paid within 10 days after the invoice date. If Seller makes partial shipments, Seller will invoice separately for each shipment. Seller reserves the right to require payment in advance or C.O.D. and otherwise to change credit terms. If Buyer does not pay an invoice within 30 days, seller may charge interest of 1.5% a month, but no more than the maximum allowed by law, until the invoice is paid. If Seller fails to demand payment under the terms above, Seller will not have waived the right to do so later. Furthermore, that demand, if made, will not alter the obligation of Buyer regarding this Order.

5. **TERMS OF BLANKET ORDER:** Parts may be scheduled for delivery over the period of 1 year. 25% of the order quantity for each part must be taken every 3 months from the original order date or, in case of special ordered parts, from the date parts are received at Satori Seal Corporation. No changes to release dates are accepted without authorization from the Seller. The dollar amount of each part released must have a minimum value of \$35.00 based on selling price.

6. **DELIVERY:** Shipping dates are approximate. If conditions arise that prevent compliance with delivery schedules, the Seller shall not be liable for any damage or penalty for delay in delivery, or for failure to give notice of delay, and such delay shall not constitute grounds for cancellation. Without limiting the generality of the foregoing, the Seller shall not be liable for delay by reason of inability, due to causes beyond its reasonable control, to obtain the necessary labor, materials or manufacturing facilities, or for delays due to elements, acts of God, acts of the Buyer, acts of civil or military authorities, priorities, fires, floods, epidemics, quarantine restrictions, war, riot, strikes, differences with workmen, accidents to machinery, car shortage, delays in transportation or any other causes beyond the control of the Seller whether or not similar to the foregoing. In such event, delivery dates shall be deemed extended for a period equal to such delay.

7. **SHIPMENT:** All shipments will be made F.O.B. Seller's factory unless otherwise specified, regardless of which party selects the carrier or pays the freight. Unless notified otherwise, the Seller will select the carrier. Title shall pass to Buyer upon delivery by the Seller to the carrier. Regarding quantities, Seller reserves the right to ship plus or minus 10%.

8. **CLAIMS:** Buyer shall inspect the goods promptly after receipt and before use. Unless otherwise indicated on Seller's acknowledgment, buyer's inspection of O-ring goods shall be according to MIL-STD-413B and to a 2.5 AQL according to ANSI/ASQC Z1.4/1993. Buyer's inspection of all other goods shall be according to the latest blueprint furnished to Seller and to a 2.5 AQL according to ANSI/ASQC Z1.4/1993. Within ten days following receipt of goods, Buyer shall give detailed written notice of any shortage or defective goods, and failure to give such notice shall constitute irrevocable acceptance of goods.

9. **WARRANTY:** This warranty supersedes any conflicting or inconsistent warranty or representation contained in Buyer's purchase order.

The Seller warrants that at the time of shipment Seller's products shall be free from defects in material and workmanship and conform to the specifications furnished to and approved by the Seller. The Seller's sole obligation under this warranty shall be to repair or replace, but no to remove or install, any product which in the opinion of the Buyer, and confirmed by the Seller, is found to be other than as warranted.

Seller does not warrant or represent that the Seller's products will be suitable for the Buyer's requirements or will be suitable or safe for the Buyer's installation or intended uses. This warranty shall not apply to any product which has been subjected to misuse or neglect, or has been damaged by accident or passage of time, or has been made defective by improper installation, or by use in violation of instructions furnished by Seller, or by repairs or alteration by persons not expressly approved by Seller. In no event shall this warranty create any liability for loss, damages, or expense directly or indirectly arising from the use of Seller's products or from any inability to use them.

The warranty period shall be for ninety days beginning the day such products are shipped to Buyer. If any defect covered by the warranty appears, the Buyer shall notify the Seller during the warranty period. No products shall be accepted for return or replacement without the prior written authorization of the Seller. On such authorization and according to the instructions of the Seller, products for which return or replacement was requested shall be returned to the Seller for examination, with all shipping charges prepaid by the Buyer. Any defective product must be returned to Seller within ninety days after the date shipped. Replacements made under this warranty shall be shipped prepaid. No allowance shall be made for any charges by the Buyer, whether the products are to be repaired or replaced.

Any products sold hereunder which are subject to the provisions of the Fair Labor Standards Act have been produced complying with that Act, as amended.

THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND SELLER DISCLAIMS ANY WARRANTY THAT THE PRODUCTS SOLD ARE MERCHANTABILITY.

10. **PATENTS:** Unless the design for the goods shall have been furnished by the Buyer to the Seller and used by the Seller in manufacturing the goods, Seller shall defend and hold harmless the Buyer from any claim that any product or article sold to the Buyer hereunder in and of itself infringes any United States patents by reason of its sale provided Seller is notified in writing within ten days after any such claim is made against the Buyer and provided further that Seller is permitted to defend the same in Buyer's name if action be brought. If the product or article sold to the Buyer is manufactured by the Seller in accordance with the design or specification furnished by the Buyer, the Buyer will defend and hold harmless the Seller from any claims of infringement.

Any proprietary data information furnished by Seller pursuant to obtaining or fulfilling this Order, shall not be disclosed by Buyer to anyone outside of its organization except the United States Government where required by law, nor shall it be duplicated or used in whole or in part within Buyer's own organizations for any purpose other than to evaluate Seller's quotation and assist in fulfilling this Order.

11. **RIGHTS OF PARTIES WITH RESPECT TO TOOLS AND AIDS:** Unless otherwise expressly provided, the Seller shall retain possession of any molds, dies, jigs, fixtures and tools made for or obtained for the furnishing of this Order, however, Buyer shall retain title to any such materials made for or obtained for the furnishing of this Order unless otherwise provided in writing. This includes any physical equipment intended for production preparation.

Because of their proprietary design, tooling, molds or equipment manufactured or obtained by Seller in accordance with Buyer's purchase of such tooling, molds, or equipment may not be returned to Buyer without Seller's consent. Seller shall not be responsible for loss, damage, wear and tear of subject tools, equipment or materials except for that loss, damage, wear and tear proximately resulting from Seller's willful and wanton misconduct.

Should property in possession of Seller but to which Buyer owns title not be used for two consecutive years because no orders have been received that require the use of such property, Seller shall have the rights to destroy without notice to Buyer or liability to Seller.

12. **INSURANCE:** Buyer, at Buyer's sole expense, shall purchase and maintain insurance against all risk of loss, theft, destruction, or damage, from any cause whatsoever covering all tool, equipment and materials in possession of Seller, but with title in Buyer.

13. **ENTIRE AGREEMENT:** The provisions hereon and on accompanying papers, if any signed by Seller, constitute all the terms and conditions agreed upon by the parties and shall replace and supersede any provisions on the face and reverse side of the purchase order or any attachment thereto which the Buyer may issue, or any prior general agreement inconsistent with provisions hereof. No modifications hereof shall be valid unless in writing and duly signed by an officer of the Seller.

14. **GOVERNMENT REQUIREMENTS:** The Seller agrees to comply with all applicable state and federal laws, rules and regulations and all obligations hereunder are subject to applicable government regulations, including those affecting or limiting prices, production, purchase, sales, use, or inventory of materials. If the material or articles are to be used in making parts or equipment to be furnished to the United States Government, the Seller agrees to comply with the applicable requirements of such contract with respect to secrecy, use of convict labor, employment of aliens, non-discrimination plant protection, espionage, sabotage, Fair Labor Standards Act of 1938 as amended, including section 12a thereof, as amended, Walsh-Healy Act, and other provisions relating to hours and conditions of work, if and when applicable.

15. **TERMINATION SETTLEMENT:** In the event of termination, cancellation or reduction of the Order, except for default of the Seller, settlement shall be made by negotiations.

16. **ACCEPTANCE REQUIRED TO FORM CONTRACTS:** Unless and until a formal written acceptance upon a printed Acknowledgment of Order form is signed by an authorized officer of the Seller, at the Rancho Cucamonga, California office of the Seller, no order will become effective as a valid contract binding upon the Seller.

17. **GOVERNING LAW:** The construction, validity, interpretation and performance of this Order will be governed by the laws of the State of California for agreements executed and wholly performed within the State of California.

18. **CONSENT TO JURISDICTION:** The parties agree that any action to interpret or enforce the terms of this Order must be filed in a court in the County of San Bernardino, California.

The parties waive personal service of process. The parties also agree that a summons and complaint beginning an action in any such court will be properly served, and will confer personal jurisdiction, if served by certified mail to the party. Or that summons and complaint may be served by any other means provided by the laws of the State of California or the United States of America.

19. **ATTORNEY'S FEES:** If any action is necessary to interpret or enforce the terms of this Order, the prevailing party will have the right to recover reasonable attorneys' fees and other costs, including costs of collection, in addition to any other relief.