

STANDARD TERMS AND CONDITIONS OF PAYNE MAGNETICS CORPORATION ("SELLER OR PAYNE")

EXCLUSIVE AND ENTIRE: The following Standard Terms and Conditions are intended by the parties to govern all the purchases of product, parts, or service from Seller, and together with the specifications provided or embodied herewith, represent the entire understanding of the parties without exception. All other terms and conditions, either stated on the customer purchase order, or referred to on customer's website, are specifically rejected and will have no force or effect. By proceeding with the transaction in any manner, both Seller and Buyer agree that these Standard Terms and Conditions shall control. The price charged by Seller to Buyer is based on these Standard Terms and Conditions.

PRODUCTS, PARTS, AND SERVICES: Customer acknowledges and accepts that Payne provides products, parts, and services which are produced to Payne's proprietary specifications. Customer acknowledges and accepts that any customer part number listed on the customer's purchase order is for reference only. Payne does not guarantee or warrant that Payne's part will comply with the requirements of any specific customer part number specification.

TERMS: Net 30 days or as stated on the applicable quotation. A "late payment" charge of 2% per month will be made on all monies due more than 30 days after invoicing. Invoice will be submitted when the product is shipped or the services are supplied. There will be a \$25 transfer fee for each transfer of funds made from outside the USA. NOTE: Terms pending credit approval.

F.O.B: All shipments will be F.O.B Covina, CA 91722

PRICING: All quotations are valid for 30 days from the date of the original quotation. If significant changes in material costs are received between the quotation date and order placement, a new quote will be submitted at the time of order placement. All special requirements including but not limited to, test data, source inspection, first article test reports, qualification testing, etc., must be quoted separately. Special requirements must be clearly identified as separate line items on customer's purchase order. Seller reserves the right to raise selling price(s), on any open purchase order balances, due to an increase in raw materials and/or labor costs.

DELIVERY: Purchased quantities must be deliverable within Payne's quoted lead time. For delivery request beyond quoted lead time, a 50% deposit will be required at time of order placement. No delivery dates beyond 6 months will be accepted.

WARRANTY: Seller warrants that product, parts, or service supplied shall conform to the description in the quotation and agrees to replace F.O.B. shipping point, any product that fail due to defects in material or workmanship for a period of 30 days from the date of shipment. In the event the product furnished is claimed to be defective, Seller shall be given ample opportunity for inspection, or, upon request shall be immediately furnished with a sample of such material. Customer acknowledges and accepts that Seller's liability in supplying product, parts, or service to customer, is limited to replacement or credit of the subject product, parts, or service. Customer accepts that credit or replacement is at seller's discretion. Seller shall not be liable for any transportation or installation charge, fabricating or other expense, or for any loss or damages of any kind, whether arising from delay, breach of warranty or any cause whatsoever. Seller shall not be liable for any loss or damage of any kind through processing or assembly operations performed at the Buyer's request to parts not originally produced by Seller. All materials shall be furnished subject to Seller's standard manufacturing and commercial variations and practice. Any claims must be made within thirty days after receipt of the material shipped hereunder. THERE ARE NO OTHER WARRANTIES OF ANY KIND, EXPRESSED OR IMPLIED, AND SPECIFICALLY EXCLUDED, BUT NOT BY WAY OF LIMITATION, ARE THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY.

THE ABOVE LIMITATIONS ON SELLER'S WARRANTY ARE MATERIAL TO SELLER'S QUOTED PRICE FOR ITS PRODUCTS AND PARTS. NO OTHER STATEMENT OF SELLER'S WARRANTY SHALL BE APPLICABLE.

TERMINATION: Customer acknowledges and accepts that all orders are non-cancelable and non-returnable after 10 calendar days from order placement. Payne reserves the right, at Payne's sole discretion, to cancel an order for cause or convenience.

INSURANCE: Buyer represents that they have a program of insurance which adequately protects their interest and that of their employees and agents, including damage to plant property and equipment, personal injury of any kind, directly or indirectly, related in any way to the product, parts, or service supplied by Seller. Accordingly, Buyer waives any claim against Seller for the foregoing, and on behalf of its insurance Company, any right of subrogation in connection therewith.

PROPRIETARY RIGHTS: Unless otherwise stated herein all design, manufacturing processes, manufacturing information, vendor sources, know-how, equipment, tooling or other hardware, software, or information (collectively referred to as "resources") acquired or utilized by Seller to produce the finished goods, and any intellectual property rights, including but not limited to patents, copyrights and trade secrets related in any way to the resources, are and shall hereinafter remain the exclusive property of Seller, regardless of whether such resources are created solely by Seller, or by Buyer's collaboration with Seller, for example, where Seller utilizes Buyer's specifications to create resources, and the Buyer shall acquire or receive no rights or title therein or thereto as a result of this purchase whether or not the order provides for Seller's delivery of technical data, drawings or other information to the Buyer in addition to the finished goods. Unless Seller's prior written consent is given, in no event shall the Buyer permit such data, drawings or information to be: (1) disclosed to any third party other than the Buyer's customer; (2) used by the Buyer or the Buyer's customer for manufacture of like or similar goods; (3) used for purposes of duplicating or reverse-engineering Seller's proprietary designs or processes; or (4) used by a party other than the Buyer or the Buyer's customer for any purpose.

CONFIDENTIALITY: Except as otherwise agreed or set forth herein, all information and ideas disclosed by Buyer in connection with this order may be considered by Seller to be in the public domain. Any notice that Buyer desires Seller to handle certain information or ideas as confidential or proprietary information of Buyer must be in writing and specifically acknowledged by an officer of Seller. Buyer agrees to process the personal data of Seller only on a need-to-know basis and in accordance with applicable laws and regulations. Seller and Buyer agree that the other Party may use any contact information such as names or addresses provided by the other for purposes reasonably related to the purpose of this order and may store such information in globally-accessible databases.

LIMITATION OF LIABILITY: SELLER'S TOTAL AGGREGATE LIABILITY (ARISING OUT OF OR IN CONNECTION WITH BUT NOT LIMITED TO ANY BREACH OF CONTRACT, NEGLIGENCE, TORT, LIQUIDATED DAMAGES, SPECIFIC PERFORMANCE, TERMINATION, CANCELLATION INCLUDING THE REPAYING OF THE CONTRACT PRICE OR PARTS THEREOF, FUNDAMENTAL BREACH, FAILURE OF ESSENTIAL PURPOSE, BREACH OF WARRANTIES, MISREPRESENTATION, NONPERFORMANCE, NONPAYMENT, OR ANY OTHER) WHETHER BASED IN CONTRACT, IN TORT, IN EQUITY, ON STATUTE, AT LAW OR ON ANY OTHER THEORY OF LAW, SHALL NOT EXCEED THE PAID CONTRACT PRICE. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS OF THE AGREEMENT MAY BE BROUGHT BY BUYER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED. NEITHER BUYER NOR SELLER WILL BE LIABLE TO THE OTHER FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, LOST PROFITS, OR INDIRECT DAMAGES OF ANY KIND OR NATURE WHATSOEVER.

THE BUYER ACKNOWLEDGES THAT THE REMEDIES PROVIDED IN THIS CONTRACT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER REMEDIES AVAILABLE TO THE BUYER AT LAW, IN CONTRACT, IN TORT, IN STATUTE OR IN EQUITY OR IN ANY OTHER THEORY OF LAWS.

U.S. EXPORT CONTROLS: Seller and Buyer agree to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the Export Administration Act of 1979 and the Export Administration Regulations promulgated thereunder, the Arms Export Control Act, the International Traffic in Arms Regulations, and the sanctions laws administered by the Office of Foreign Assets Control, including the requirement for obtaining any Export License or agreement, if applicable. Without limiting the foregoing, Seller and Buyer agree that they will not transfer any export-controlled information, data, or services to each other or another party (including transfer from or to foreign persons employed by, associated with, or under contract to that party or its affiliated companies), without the authority of an Export License, agreement, or applicable exemption or exception.

BUSINESS PRACTICE. Buyer and Seller shall comply with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and other applicable anti-corruption laws and regulations. Specifically, Buyer and Seller warrant that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, or authorize to give, any payments, gifts, property, or thing of value, directly or indirectly, to any person, official, employee or representative of any government or agency or instrumentality thereof, or to any employee, agent, or representative of the other Party, for the purpose of securing any business or influencing such person with respect to the terms, conditions, or performance of any contract, including this order. If Buyer breaches the terms of this section, Seller may immediately terminate this order without any liability.

FORCE MAJEURE: If the performance of any part of this contract by Seller is rendered commercially impracticable by reason of any strike, fire, flood, accident, or any other contingency, the non-occurrence of which was a basic assumption of this contract including war, embargo, government regulation, or any unforeseen shutdown of major supply sources or other like causes beyond the control of Seller such as cannot be circumvented by reasonable diligence and without unusual expense, Seller shall be excused from such performance in whole or in part to the extent that it is prevented and for as long a period of time as these conditions render Seller's performance commercially impractical.

LAW: This Agreement shall be governed by the laws of the State of California, USA, with venue exclusively in the US District Court of California or the California State Courts in Los Angeles County, California.

SEVERABLE AND INDEPENDENT PROVISION: WITHOUT LIMITING THE FOREGOING, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT THAT PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES, OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH FURTHER, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT IN THE EVENT ANY REMEDY HEREUNDER IS DETERMINED TO HAVE FAILED ITS ESSENTIAL PURPOSE, ALL OTHER LIMITATIONS OF LIABILITY AND EXCLUSION OF DAMAGES SET FORTH HEREIN SHALL REMAIN IN FULL FORCE AND EFFECT. ALL SUCH PROVISIONS SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT. NO ACTION, REGARDLESS OF FORM, ARISING OUT OF THE TRANSACTIONS OF THIS AGREEMENT MAY BE BROUGHT BY BUYER MORE THAN ONE YEAR AFTER THE CAUSE OF ACTION HAS ACCRUED.

