



PURCHASE ORDER TERMS AND CONDITIONS

Show purchase order number, requisition number, account number, and stock number on all invoices, shipping papers, and correspondence without fail. Shipper's name, our purchase order number and our address must appear on every package. Packing list must accompany each shipment. Mail signed bills of lading and express receipts as soon as shipment is delivered to the transportation company.

Ship on date specified. If you are unable to meet this shipping date, notify us as once. Time is of the essence of this order, and if you fail to make delivery within the time promised, we may purchase elsewhere and charge you with any resultant loss, unless late shipment has been authorized in writing.

Ship cheapest way, unless otherwise specified. Observe specified routing carefully. You are liable for excess charges resulting from failure to timely ship and route as instructed.

Material must be packed and shipped in conformity with tariff or classification requirements so as to secure lowest possible transportation and insurance rates and to meet carrier's requirements.

The remedies herein reserved shall be cumulative, and additional to any other or further remedies provided in law or equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.

We will not be responsible for verbal orders unless order numbers are given by an authorized agent.

Please sign and return to us immediately the acknowledgement copy which is attached hereto and which will constitute your acceptance of all conditions herein. Any acknowledgements or invoices which take exceptions to the terms as specified on the face of this order and on the Purchase Order Terms and Conditions, will not be binding upon us unless such changes are agreed to by us in writing. If no notification is given to us within five days after receipt of the order,

it is understood that the terms and conditions herein are satisfactory. Shipment of any part of this order constitutes acceptance of all conditions without reservation.

It is understood and agreed that revised orders, when issued, shall be subject to all terms, provisions and conditions of the original order.

No changes in terms, conditions, prices or deliveries shall be made without our specific authorization therefore in writing; provided, however, that if the material ordered hereunder is to be specially manufactured in accordance with our drawings and specifications, we shall have the right, by written order, to make changes in such drawings or specifications, and if such changes require a change in price or time for performance, you shall notify us immediately and thereupon an equitable adjustment shall be negotiated.

Mistakes in prices and discounts, also noticeable discrepancies in quantities and sizes, are to be reported by you immediately.

Any manufacturing or other specifications referred to in this order are hereby made a part hereof as if fully set forth herein. You expressly warrant that all articles, materials, services and work covered by this order will conform to the drawings, specifications, samples or other descriptions furnished or adopted by us, and will be fit and sufficient for the purpose intended, merchantable, of good material and shall run to us, our successors, assigns, customers, and the users of our products.

Your guarantee that net contents of items on this order are as specified, and labels conform to the Federal and State Regulations regarding weights.

Material and services are subject to our inspection and approval at a reasonable time after delivery.

If specifications are not met, material may be returned at your expense, including transportation charges both ways or be held for your instruction at your risk and at our discretion. In addition, we reserve the right to make repairs on defective material or services and charge you actual labor cost plus our factory overhead, either when you are behind on deliveries, or when it can be done at less cost than by returning the material or articles to you. Returned or rejected goods are not to be replaced without authorization from Purchaser. If you fail to correct defective material or services within a reasonable period, we may procure the material or services from a third party and charge you for the difference, in addition to our costs in procuring the materials or services from the third party.

Payment of invoice does not constitute acceptance of merchandise covered by this order and is without prejudice to any and all claims of buyer against vendor.

You agree not to supply on this order any material previously rejected or condemned by any other Purchaser.

You agree that all specifications and drawings furnished to you in connection with this order shall be used only in the manufacture of material furnished to us.

We reserve the right to reject and return at Seller's cost all material exceeding the quantity order.

Prices as shown on this order are those agreed upon and are not subject to increase. If price is not stated in this order, it is agreed that the goods shall be billed at the price last quoted, or the prevailing market rate, whichever is lower. (Please quote price on each item on the acknowledgement copy.) You agree that if at any time during the life of this order you quote or sell at lower net prices, similar materials under similar conditions, such lower prices shall be substituted for the prices name herein.

Seller warrants that unit prices indicated herein comply with all applicable price regulations.

Cash discount terms must be clearly stated. It is understood that the cash discount period will date from the receipt of the invoice and/or the date the goods are accepted or from the date of the invoice, whichever is later. On invoices returned for correction, the cash discount period will date from the receipt of the corrected invoice.

Any indebtedness of yours to us may at our option, be set off and credited against our indebtedness to you.

No charges will be allowed for boxing or cartage, unless otherwise specified on this order.

Any material that we furnish on other than a charge basis in connection with this order shall be deemed as held by you upon consignment. All such materials not used in the manufacture of the products covered by this purchase order shall, as directed, be returned to us at our expense. All such materials not so accounted for or so returned, you shall pay for a on the basis of our cost, or replacement cost, including transportation, as we elect.

We retain title to all materials, drawings, artwork and supplies that we may furnish to you; and if at any time your are in default, or upon our request, we shall have the right to repossess any materials and/or supplies furnished by us to you.

You agree to completely insure all property owned by us while held in you custody or control against loss or damage resulting from fire (including extended coverage), malicious mischief and vandalism, in an amount equal to the replacement cost thereof, with loss payable to us. Within a reasonable time after the acceptance of this order, and upon our request, you shall submit to us satisfactory proof of procurement of such insurance.

When the cost of special tools, artwork and drawings, involved in the manufacture of this order, is included in the price, they become our property upon completion of the order (subject to our shipping instructions at all times).

Unless otherwise herein agreed, you shall furnish special dies, tools and patterns used in the manufacture of this order at your expense. You shall keep the dies, tools and patterns in good condition and from time to time when necessary shall replace them at your expense. However, we reserve the option at any time to reimburse you for the whole or any part of the dies, tools and patterns and replacements, and become the owner with the right of possession of same. We shall pay for all the charges in the dies, tools and patterns, due to our change of design or specification.

Neither this order or any interest therein may be assigned by Seller, whether by operation of law or otherwise, without the prior consent of the Purchaser.

If shipment is made by some other firm, it must be marked to indicate that the material is being shipped for you and have our order number shown as specified. This information must also appear on any communications the shipper sends to us.

All shipments must be fully prepaid. Any transportation charges to which you are entitled should be added to

your invoice, which should also show weight and rates and be accompanied by a receipted bill for transportation charges.

Render itemized invoices in triplicate promptly on day of shipment with copies of all shipping papers attached. If invoices are not received on time, we reserve the right to discount within five days of receipt of invoice. All items must be priced separately or invoice will be returned.

Separate invoices are required for each purchase order and for each shipment when partial deliveries are made.

By accepting this order you guarantee that the articles described herein, and the sale or use of them will not infringe any United States or foreign Letters Patent, trademarks or copyrights and you agree to defend, protect and save us harmless, our successors, assigns, customers and users of our products, against all suits at law or in equity, and from all damages, claims and demands, for actual or alleged infringement of any Patent, trademarks or copyrights by reason of the use of the articles hereby ordered.

If in the execution of this order, it becomes necessary for you or your agents, subcontractors or the employees of any of them to enter upon any of our premises, you shall inform such individuals of and cause them to comply with our rules and regulations, particularly those relating to traffic, safety and fire precautions in our plants. You shall relieve us from all liability for any damage or injury resulting from your failure or the failure of your employees, agents, subcontractors or their employees to observe such rules and regulations, and for any damage or injury otherwise caused by you or them, while on, entering or leaving such premises. You shall protect and save us harmless from any and all liability fro loss or damages arising from injury or disease to you, your employees, agents or subcontractors or their employees and for damage while on, entering or leaving any our plants or other premises. You further agree to carry all workmen's compensation, occupational disease and liability insurance necessary under state and federal statutes or to fully protect us against the risks herein mentioned.

If this order covers the performance of labor for us in any capacity, you agree to indemnify and protect us against all suits, liabilities or claims for injuries or damages to any person or property growing out of the performance of this contract. You also agree to furnish a certificate from your insurance carriers showing that you carry adequate workmen's compensation, public liability, and property damage insurance coverage upon demand. The certificate must show the amount of the coverage, number of policy and date of expiration.

You agree to defend and indemnify us and save us harmless from all claims, liabilities, suites and action which may be made or brought against us by virtue of any claims or demands of every kind which any purchaser of such merchandise from us, or any other person may make against us arising from the use of such merchandise, or from any patent or hidden defects in the quality of said merchandise, or from the dangerous conditions thereof, and agree to repay the amount paid by us to settle any of said claims or

liabilities, and to pay any judgment rendered against us in any such action or suit and to reimburse us for all costs, attorneys' fees and other expenses incurred by us in the defense of any such suit or suits.

All risks whatsoever including the risk of all loss or damage to materials by reason of any casualty and loss or damage to any third party occurring on your property shall be assumed and borne by you until the material is actually delivered to our plant.

If this order requires you to perform any work or services upon property owned and controlled by us, you agree to keep the property involved and the work and services performed free and clear of all mechanics liens, and, at our request, to furnish certificates and waivers of liens as provided by law.

You agree to guarantee us against any loss occasioned by your failure to comply with any federal, state or other laws and regulations applying to the goods purchased on this order, and you further agree to compensate us for all damages, suffered as a result of your failure to do so. (Child Labor Act, Fair Labor Standards Act, Walsh-Healy Act, Robinson-Palman Act, OPS Regulations, Pure Food and Drug Laws, etc.)

You shall not be responsible for delays and defaults on deliveries, nor we for failure to receive, if occasioned by causes beyond the control and without the fault or negligence of either party, including, but not restricted to, acts of God or the public enemy, acts of the Government (including but not restricted to, any preference, priority or allocation order), fires, floods, epidemics, quarantine restrictions, and freight embargoes. It being further understood, however, that if such disability continues for a reasonable period then we shall have the right to cancel this contract and to procure deliveries from another source without any liability or responsibility whatsoever to you.

We shall have the right to cancel this order in the event (a) you cease to continue your operations in the normal course of business or (b) shall file a petition in bankruptcy or seeking relief under any of the provisions of the Federal Bankruptcy Act, or of any state insolvency statute, or (c) such a petition shall be filed against you and remain undismissed for a period of 30 days, or (d) a receiver or trustee is appointed for you and such appointment is not vacated within 30 days from the date thereof, or (e) you make an assignment for the benefit of creditors.

In the event of cancellation of this order, our liability shall be limited to the contract price for finished units. All finished units shall be delivered to us.

This order is confidential between the Purchaser and the Seller. It is agreed that none of the details connected with it shall be published or disclosed to any third party without Purchaser's written approval. Failure to observe this provision shall give us the right to cancel the contract resulting from the acceptance of this order with any further liability thereon.

Any controversy or claim arising out of or relating to this contract or the breach thereof, shall be settled by arbitration, in accordance with the rules and law obtaining, of the American Arbitration Association, and the judgment upon the award rendered may be entered

in the highest court of the forum, state or federal, having jurisdiction.

This order is not subject to any federal or state taxes unless specifically approved by the Purchasing Department.

All present and future taxes, itemized or otherwise, not expressly imposed by law exclusively on the buyer are deemed to be included in and will be treated as part of the purchase price or prices payable pursuant hereto, unless otherwise specified.

It is understood by you that the use of the certificate will not preclude the right of the State to collect from you any deficiencies imposed by the State for violation of such rules and regulations. The above requirements shall remain in effect for the period for which the State shall hold you liable.

The contract resulting from the acceptance of this order shall be construed according to the laws of the State of California from which this order issues as shown by our address.

If any litigation or arbitration is commenced between Purchaser and the Seller, or their personal representatives, concerning any provisions of this offer, or the rights and duties of any person in relation to this offer, the party prevailing in the litigation is entitled, in addition to such other relief that is granted, to a reasonable sum as and for their attorney's fees and cost in such litigation and arbitration.

If legal proceedings or arbitration is necessary to enforce this agreement, the proceedings shall occur in San Diego County, State of California.