

Terms and Conditions

Definitions:

Seller: Plastic Machining Inc and M&P Sealing

Buyer: Any party who enters a contract with Seller by which Seller agrees to produce or assemble goods for Buyer.

Price: The price stated in Seller's quotation unless Seller otherwise agrees in writing. However, the price does not include sales, use excise or other taxes or customer duties, costs of nonstandard packaging or insurance. Buyer shall pay such taxes and costs directly or reimburse Seller.

Shipment: Unless otherwise expressly stated herein, the goods shall be shipped F.O.B. Seller's facility. Title and risk of loss shall pass to Buyer upon delivery to the carrier. Unless otherwise directed by Buyer before the date of shipment, Seller may select any reasonable method of shipment.

Payment: Unless otherwise agreed, payment terms shall be net 30days. Late payments shall be subject to an interest charge of the lower of 1 1/2% per month or the highest interest rate permissible by law, plus collection and attorney's fees. Buyer shall make no set-off deduction without Seller's written consent.

Orders And Production Release. No order for production quantities of a Product shall be placed by Buyer unless and until Buyer has approved the First Article Inspection Report (FAIR) for product(s). If Buyer places an order for production quantities of a product in accordance with the provisions of this Agreement, seller may deem such an order as written production release approval for such product. All orders for that product(s) shall be in writing. Seller shall acknowledge in writing, within three (3) business days of receipt of an order rejection or any modification of the order by either fax or, (if provided), e-mail notice to Buyer and/or purchasing agent listed on the purchase order. Other than variances in quantities ordered, no acceptance of a purchase order shall constitute acceptance of any terms at variance with this Agreement.

Changes, Modification, Waiver: No change in specifications, drawings or delivery for the goods may be made without the prior written consent of Seller. These terms may be modified only in writing signed by an authorized representative of the Seller. Seller's waiver of Buyer's default under any term or condition shall not constitute a waiver of any further defaults and applies to only current Purchase Order unless otherwise stated and/or approved through new F.A.I.R process as indicated in this agreement. Seller reserves the right of Buyer cost adjustment when initial production of Buyer product represents a production alteration versus original quotation with Buyer/Seller confirmation of necessary change.

Cancellations. Unless production has started, or Seller has incurred significant engineering or tooling charges, Buyer may cancel or modify a purchase order without penalty (except as provided in the Capacity Agreement) by delivering to Seller a written notice of cancellation or modification; provided however that no such cancellation will relieve Buyer of any obligations under any other applicable provisions or agreements. In the event Buyer cancels an order after production has been started, but prior to completion, Buyer agrees to pay cancellation charges (if any). Cancellation Charges. In addition

to, and without waiving any other remedies, the charges for order cancellation shall be the contract price multiplied by the partially completed and all completed products at the time of cancellation, plus all costs of starting materials.

Delay: *Force Majeure*. Delivery dates are approximate, dating from the receipt of all engineering and manufacturing information, and Seller shall have no liability to Buyer for Seller's delay or default in delivery due to strikes, secondary boycotts, riots, wars, accidents, fires, floods, explosions, vandalism, government embargoes, priorities or regulations, transportation delays, shortage of labor, fuel, materials, supplies, power transportation facilities or tooling capacity or other similar causes beyond Seller's reasonable control. Under no circumstances shall Seller have any liability for penalties or other consequential damages of any kind resulting in whole or part from Seller's delay in delivering or failure to deliver any products to Buyer as agreed.

Returns: No order may be cancelled, delivery date changed, nor any goods returned to Seller without Seller's express written consent. All Stock Items that are not Defective as determined by Seller (acting reasonably) and are returned by the Purchaser shall incur a restocking fee of 20% of the Price plus any freight costs incurred by Plastic Machining Inc and M&P Sealing. Any custom non-Stock Items will *not* be accepted for return.

Quality: Seller shall meet Company's quality requirements as set forth in FAIR Specifications and otherwise in this Agreement. Any lot or Product that is found to fail the criteria and/or Specifications agreed to by both Parties, may be submitted to Seller for RMA within sixty (60) days. Buyer shall have the right to reject any or Product(s) within the sixty (60) days, or as otherwise agreed to by the Parties on a case by case basis, from delivery receipt. **Return Material Authorization (RMA):** Buyer will not make any returns to Seller without first obtaining a written Return Material Authorization (RMA) number, which shall be promptly issued by Seller upon request by Buyer. All Products for which refund and/or replacement is sought, and all returns shall be marked with a Return Material Authorization number issued by Seller to enable tracking. Buyer agrees to pay Seller the full purchase price in connection with any returned Products which Seller determines were within Seller's specifications at the time of initial delivery to the carrier or at the time of return to Seller. Generally, Seller will analyze authorized returns within four (4) working weeks of receipt by Seller, and promptly thereafter report on the results. Buyer agrees to cooperate in good faith with Seller to resolve any problems that may arise and to promptly send Seller the results of all tests and analyses concerning.

In the event Buyer rejects any lot and/or Product(s), Buyer may exercise one or more of the following remedies: (a) return rejected Product for full credit at the price charged plus return transportation charges, duties, and taxes, as may be applicable in compliance with RMA results; (b) accept a conforming part of any shipment; or (c) have rejected Product replaced by Seller at the purchase price stipulated in this Agreement or the applicable Order.

If notification of rejection of any or all Product is not received by Seller within this sixty (60) day period or as otherwise agreed to between the Parties, such Product will be deemed to have been accepted by Buyer.

Storage Fees: If Buyer does not take delivery by the date which Buyer requested, then Seller may impose a charge equal to 1.5% of the purchase price for each month after such date until Buyer takes delivery.

Warranty: Seller warrants that all goods manufactured by Seller will be free from defects in materials and workmanship under normal operating conditions for a period not to exceed 12 months.

The warranty set forth above is inapplicable to and excludes any defect, damage, or malfunction resulting from (i) normal wear and tear, erosion, corrosion, (ii) misuse, negligence, or modification of the goods or any component by Buyer or its representative, (iii) repair service provided by third parties, (iv) failure by Buyer to follow installation or operating manuals or instructions, (v) failure of parts or components or services not provided by Seller, or (vi) any other cause outside Seller's reasonable control. This warranty will be voided by installation of unauthorized components into Seller's products.

Replacement products may be refurbished or contain refurbished materials. If the Seller, in its sole discretion, is unable to repair or replace the defective goods, it will refund the purchase price of the goods. Proof of date of delivery of the returned goods is required.

THE WARRANTIES AND REMEDIES STATED ABOVE BY SELLER ARE EXCLUSIVE AND IN LIEU OF ALL OTHERS, ORAL OR WRITTEN, EXPRESS OR IMPLIED. ANY AND ALL OTHER WARRANTIES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS ARE EXPRESSLY EXCLUDED.

Liability: The remedies set forth in these terms and conditions are exclusive, and Seller's liability under this contract shall in no event extend to indirect, punitive, incidental or consequential damages which Buyer may suffer or incur in connection with the contract between Buyer and Seller, including, but not limited to loss of profits, damages or losses resulting from Buyer's inability to fulfill contracts with third parties or loss of damages or losses resulting from Buyer's inability to fulfill contracts with third parties or loss of goodwill. Seller's liability under the contract between Buyer and Seller under any theory of law shall in no event exceed the purchase price of the goods in question.

Assignment: Without the express written consent of the other party, neither party may assign any of its rights or obligations in connection with the sale of the goods.

Notice: Any notice to be provided to Seller hereunder must be in writing and transmitted by U.S. First Class Mail, or by facsimile with copy by U.S. First Class Mail, addressed to: Plastic Machining Inc, 11125 IH I-10 East, Orange, TX 77630 Attention: President Dan Coleman, Facsimile: (409) 745-4277.

RoHS ("restriction of hazardous substances"): Seller is aware of the European Union Directive 2002/95/EC and its requirements on the restriction of the use of certain hazardous substances in electrical and electronic products and equipment. All internal process material fabrication, machining and finishing operations controlled by PMI and M&P Sealing are fully compliant. However, if Buyer specifies the material and type of finish used, then Buyer is solely responsible for compliance since Seller does not have material specification control. If Buyer has questions concerning the directive or requires assistance in material selection for compliance, Seller will work with Buyer to determine the best alternatives necessary for correct selections.

Governing Law: The contract between Seller and Buyer shall be governed by the laws of the State of Texas. Buyer and Seller consent to the jurisdiction of the Courts of the State of Texas with venue in Orange County, and any litigation involving the contract shall be commenced only in Orange Texas.

Entire Agreement: The contract between Buyer and Seller, including these terms and conditions, constitutes the entire agreement between the parties with respect to its subject matter, and any prior contemporaneous communications or agreements other than any pre-existing blanket sales agreement are hereby superseded. The contract may not be terminated or modified by any party unless in writing, signed by both Seller and Buyer.

Plastic Machining Inc and M&P Sealing follows approved ISO 9001 procedures: every customer order must be acknowledged, and no orders may begin processing.