



STANDARD TERMS AND CONDITIONS OF PURCHASE

12 April 2007

1. Terms of Agreement: These Standard Terms and Conditions of Purchase shall be a part of the Purchase Order issued by Control Components Inc. ("CCI") (the "Buyer") to which these Standard Terms and Conditions of Purchase are attached, and the Purchase Order is subject to the Terms and Conditions. No waiver, alteration, or modification of the Terms and Conditions shall be effective unless expressly agreed to in writing by Buyer. Notwithstanding any different, additional or conflicting terms or conditions set forth in Seller's invoice or any other document issued by Seller; the terms of the Purchase Order, including the Terms and Conditions, shall exclusively govern the purchase and sale of the goods covered by the Purchase Order.
2. Delivery Terms:
 - 2.1. If delivery of goods is not made in the quantities and/or at the time(s) specified, Buyer reserves the right, without liability to take either or both of the following actions: (a) direct expedited routings of goods (the difference in cost between the expedited routing and the order routing costs shall be paid by Seller); (b) cancel this order or balance by notice effective when delivered to Seller; to purchase substitute goods elsewhere and charge Seller with any loss incurred, including the difference between the cost of substitute goods and the goods that would have been provided by Seller.
 - 2.2. All deliveries of goods ordered by Buyer shall be F.O.B. Destination unless otherwise mutually agreed by Buyer and Seller, with all title and risk of loss passing to Buyer upon unloading of the goods at the delivery destinations specified in the Purchase Order.
 - 2.3. Each shipment of goods shall include separate packing slips showing: (a) Buyers' purchase order number; (b) Buyer's part number and revision level for each goods shipped, if applicable; (c) a description of the goods; (d) individual serial numbers of the goods, if applicable; and (e) the total quantity of goods shipped.
 - 2.4. Buyer will have no liability for payment of goods delivered to Buyer in excess of quantities specified in the Purchase Order or prior to the delivery schedule specified therein. Such goods may be subject to rejection and returned at Seller's expense, including transportation charges both ways. Buyer will not be liable for any material or production costs incurred in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedules.
 - 2.5. Seller shall package the goods in a manner that will prevent damage during shipping and ship the goods in accordance with Buyer's instructions. Seller shall be liable for any loss or damage incurred as a result of improper packaging, crating and/or routing, including additional transportation costs due to improper routing.
3. Prices. Seller's prices shall not be higher than last quoted or charged to Buyer, or as stated in the Purchase Order, unless otherwise agreed to in writing. No charges will be allowed for taxes, transportation, boxing, packing or returnable containers unless specifically agreed to in writing. All sales, use, excise and similar taxes to be paid by Buyer must be itemized separately hereon and on invoices. Seller warrants that it will maintain competitive prices for the goods, so that the prices offered to Buyer will be at least comparable to those received by Seller's most favored customers for similar goods under comparable conditions.
4. Seller's Warranties.
 - 4.1. AN EXPRESS WARRANTY FROM THE SUPPLIER IS CREATED BY ANY AFFIRMATION OF FACT OR PROMISE MADE BY SELLER WHICH BECOMES PART OF THE BASIS BY WHICH THE AGREEMENT RELATING TO THE GOODS WAS MADE. ANY SAMPLE OR MODEL PROVIDED BY SELLER, AS A BASIS FOR AN AGREEMENT BETWEEN THE PARTIES CREATES AN EXPRESS WARRANTY THE GOODS SHALL CONFORM TO THE PROVIDED SAMPLE OR MODEL. AN IMPLIED WARRANTY THAT THE GOODS SHALL BE FIT FOR A PARTICULAR PURPOSE EXISTS WHERE SELLER HAS REASON TO KNOW OF SUCH PARTICULAR PURPOSE AND HAS ASSIGNED IN SELECTION AND/OR APPROVAL OF ITS USE FOR A PARTICULAR PURPOSE.

- 4.2. WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE MUST EXIST BETWEEN THE TWO PARTIES AS APPLICABLE, WITHOUT LIMITATIONS. ANY EXPENSES, CHARGES OR LIABILITY ASSOCIATED WITH DEFECTIVE PRODUCT IN CASES, OF ABOVE STATED WARRANTIES WILL BE BORNE BY SELLER. IN CASES WHERE A DESIGN CHANGE IS MADE TO AN EXISTING APPROVED PRODUCT WITHOUT KNOWLEDGE AND CONSENT BY BUYER, SELLER WILL BE ACCOUNTABLE FOR ANY INCREMENTAL CHARGES INCURRED. SELLER ABIDES BY THE WARRANTY OF MERCHANTABILITY, WHEREBY SELLER HAS OBLIGATION TO RELAY KNOWLEDGE AND SAMPLE OF REVISED PRODUCT FOR LAB TESTING TO BUYER FOR APPROVAL(S), AS APPLICABLE. WHERE PERFORMANCE SPECIFICATIONS HAVE BEEN THE BASIS FOR PRODUCT DEVELOPMENT, SELLER IS LIABLE FOR ANY AND ALL WARRANTY ISSUES REGARDING FITNESS FOR USE IN BUYER'S PRODUCT.
- 4.3. SELLER WILL BEAR RISK OF INCIDENTAL AND CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE OR LOSS OF MARKET SHARE RESULTING FROM SELLER'S BREACH OF PERFORMANCE. BUYER MAY RECOVER FROM SELLER THE DIFFERENCE BETWEEN THE COST OF COVER OR CHARGES INCURRED FOR SUBSTITUTE GOODS AND THE CONTRACT PRICE.
- 4.4. Seller warrants that it owns and has the ability to deliver good title to the goods, has the right to sell the goods, and will deliver them free and clear of any liens or other encumbrances.
- 4.5. Seller warrants that the Goods shall (a) be new (except as otherwise specified or agreed to in advance by Buyer) and of good quality, (b) be free from defects in design, (c) be free from defects in material and workmanship, (d) conform to the purchase order, including any Specifications; and (e) be safe and suitable for the ordinary purposes for which the Goods are to be used. Seller also warrants that the Documentation provided by Seller and any Subcontractors shall be complete, accurate and may be relied upon by Buyer.
- 4.6. IF SELLER PERFORMS ANY LABOR OR SERVICES FOR BUYER IN CONNECTION WITH THIS AGREEMENT, SELLER AGREES TO INDEMNIFY, DEFEND AND PROTECT BUYER AGAINST ALL EXPENSES, LIABILITY, CLAIMS OR DEMANDS FOR PERSONAL INJURIES, PROPERTY DAMAGES, COMMERCIAL OR ECONOMIC LOSS, INCLUDING INCIDENTAL AND CONSEQUENTIAL DAMAGES, ARISING IN CONNECTION WITH SELLER'S PERFORMANCE OF THIS AGREEMENT OR CONTRIBUTED TO BY ITEMS FURNISHED BY SELLER.
- 4.7. SELLER AGREES TO SECURE AND MAINTAIN ADEQUATE INSURANCE COVERAGE FOR THE PROTECTION OF THE BUYER IN ACCORDANCE WITH THIS SECTION 4. ALL WARRANTIES SHALL SURVIVE ACCEPTANCE AND PAYMENT OF GOODS.
5. Specifications: All goods rejected by Buyer shall be returned to Seller for full credit at the price charged, plus transportation charges. Buyer, in its sole discretion, may require Seller to replace rejected goods at the purchase price stipulated in the original purchase order. Buyer may, in its sole discretion, accept a part of any shipment that fulfills Buyer's specifications, and reject any part that does not fulfill such specifications, and consider the order breached to the extent of the amount of the rejected goods. Seller will not make any changes in such specifications or make any changes in any components or processes used in manufacturing the goods previously agreed to by Buyer without Buyer's prior consent.
6. Inspection and Acceptance. Payment for any goods under this contract shall not constitute acceptance. All goods purchased hereunder are subject to inspection at Buyer's destination either before or after payment or before or after acceptance at Buyer's option. Buyer reserves the right to reject and refuse acceptance of goods which are not in accordance with the instructions, specifications, drawings, or data as furnished to Seller before or during the Purchase Order process. Items not accepted or goods whose acceptance is revoked will be returned to Seller for full credit or replacement at Buyer's option and at Seller's risk and expense, including transportation charges both ways; provided, however, that such goods may be held at Buyer's discretion for Seller's instructions and stored at Seller's risk. If within 48 hours after receipt of notice of rejection or revocation of acceptance, Seller gives no instructions for the disposition of the goods, the Buyer may, at its discretion, return for full credit at Seller's expense. Seller shall not replace rejected goods or goods whose acceptance has been revoked unless specified by Buyer. Buyer shall not be liable for failure to accept any part of the goods if such failure is the result of any cause beyond the control of Buyer. Such causes include, but are not limited to, fires, floods, Acts of God, strikes, differences with employees, casualties, delays in transportation, or total or partial shutdown of Buyer's plant for any cause.

7. Invoices. Seller's invoices shall, at a minimum, include: (a) Buyer's purchase order number, against which the goods were shipped; (b) the date of shipment; (c) Buyer's part number and revision level for each goods shipped, if applicable; (d) a description of the goods; (e) the total quantity of goods shipped; (f) the per unit price of the goods shipped; and (g) the total invoice price. The time for payment of invoices, or for accepting discounts offered, will run from the later of the date Buyer receives the goods or Buyer receives correct invoices for such goods ("Receipt Date"). Except as otherwise specified in the Purchase Order, Buyer shall pay Seller within thirty (30) days of the Receipt Date. In the event of disagreements regarding any particular invoice, Buyer will pay the undisputed amount, and the parties will exercise good faith in promptly resolving any issues with respect to the disputed portion. If Buyer withholds payment based upon a bona fide dispute, such withholding will not be considered an event of default. Buyer shall not be obligated to make full and final payment, however, until all of the following conditions have been satisfied: (a) Seller satisfactorily provides the goods in accordance with the Purchase Order and Buyer accepts the goods; (b) if Buyer requires, lien waivers or releases from Seller and from any subcontractors; and (d) Buyer receives all items specified in the Purchase Order, including any documentation.
8. Confidential Information. Seller acknowledges and agrees that any specifications and all related writings, drawings, designs and similar works provided to Seller by Buyer shall be deemed "Confidential Information." Seller further acknowledges and agrees that any other information which is disclosed by Buyer in any tangible form and is clearly labeled or marked as confidential, proprietary or its equivalent, or information which is disclosed orally or visually, is designated confidential, proprietary or its equivalent at the time of its disclosure and is reduced to writing and clearly marked or labeled as confidential, proprietary or its equivalent within thirty (30) days of disclosure shall be deemed "Confidential Information." All Confidential Information shall be the exclusive property of Buyer, and Buyer retains all right, title and interest, including copyright, relating to "Confidential Information." Seller agrees not to use any Confidential Information for any purpose other than as permitted or required for performance by Seller under the Purchase Order and not to disclose or provide any Confidential Information to any third party and to take all necessary measures to prevent any such disclosure by its employees, agents, contractors or consultants. Upon request of Buyer or completion of the Purchase Order, Seller shall return all such Confidential Information to Buyer. The return of Confidential Information shall be complete in every respect, so as to permit an experienced manufacturer to manufacture, assemble, maintain and service the goods and shall include a full drawing package in reproducible form and any revisions or updates, including but not limited to, AutoCAD files, fabrication drawings, approved supplier list, test specifications, tooling specifications and drawings, manufacturing assembly instructions, routings, quality assurance protocols, test equipment, specifications and drawings and engineering change notice history.
9. Ownership of Tooling and other Material/Equipment. All jigs, dies, fixtures, special cutting tools, special gauges, special test equipment, computer programs, patterns, other special equipment and manufacturing aids and drawings and any replacements of the foregoing ("Equipment") furnished to Seller by Buyer or specifically paid for by Buyer will remain the property of Buyer. Such Equipment while in Seller's custody or control, will be maintained in good working condition, reasonable wear and tear excepted, by Seller at Seller's expense, held at Seller's sole risk and will be kept insured by Seller at Seller's expense in an amount equal to the replacement cost with loss payable to Buyer. Such Equipment will be delivered in good working condition, reasonable wear and tear excepted, to Buyer immediately upon request by Buyer, at Seller's expense. Equipment shall not be disposed of without prior written approval by Buyer. No use of Buyer's Equipment shall be permitted without prior written approval by Buyer. Seller shall not publish or display Buyer's product manufactured by Buyer's Equipment, without prior written approval by Buyer.
10. Termination.
 - 10.1. Buyer may, by notice in writing to Seller, terminate the Purchase Order or work under the Purchase Order, in whole or in part, at any time and such termination shall not constitute default. In such event, unless the termination is due to a default as set forth in Section 10.2 hereof, Buyer will pay Seller contract price for finished goods covered by the Purchase Order, held in Seller's inventory provided such product is completed to specifications and accepted by Buyer. Buyer will reimburse Seller verifiable costs associated with components in manufacture of incomplete Buyer's proprietary products covered by the Purchase Order.
 - 10.2. Buyer shall have the right to cancel for default all or any part of the Purchase Order upon the occurrence of any of the following events: (i) Seller does not make deliveries or furnish services according to the terms specified, (ii) Seller repudiates this contract, (ii) Buyer rightfully rejects or revokes acceptance, (iii) Seller breaches any of the terms hereof including warranties of Seller, (iv) Seller makes an arrangement, extension or assignment for the benefit of creditors, (v) Seller dissolves or otherwise ceases to exist or liquidates all or substantially all of its assets, (vi) Seller becomes insolvent or generally does not pay its debts as they become due, (vii) Seller is adjudicated as bankrupt or files a voluntary petition in bankruptcy or (viii) due to unforeseeable causes beyond

the parties control and without such party's fault or negligence, including, but not restricted to acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine restrictions, strikes, or freight embargoes, Buyer may, at its option, request that Seller provide adequate written assurance of future performance pursuant to the Uniform Commercial Code as enacted in the State of California. In such a case, Seller must provide said written assurance of performance within ten (10) days of the Buyer's written request (excluding the date of mailing). This right of cancellation and the right to request an adequate written assurance of future performance are in addition to and not in lieu of any other remedies which Buyer may have in law or equity.

11. Patent Infringement Indemnity: Seller shall defend and hold harmless Buyer, its customers, agents and subsequent owners from any claim that any product or article sold by Seller hereunder (except goods specifically of, and to the extent of, Buyer's design), infringes any letters, patent, copyright or trademark, or from any claim of unfair competition, by reason of its use or sale by Buyer, its customers or agents. Seller further agrees to indemnify (and as incurred, reimburse) Buyer against any and all expense, loss, royalties, profits and damages, including court costs, attorneys' fees and reasonable value of time expended by Buyer's employees (as determined by Buyer in its sole discretion) ("Losses"), in connection with or resulting from such suit or proceedings, including any settlement or decree of judgment therein. Seller's obligations hereunder survive acceptance and payment by Buyer.
12. Indemnity: To the fullest extent permitted by law, Seller will indemnify, defend, and hold harmless Buyer any entity or person participating with Buyer, as owners, leaseholders, or tenants in common, in Buyer's operations or other facilities related to the Purchase Order, and each of their officers, directors, employees, agents, advisers, representatives, affiliates, successors, and assigns ("Buyer Indemnity") for, from and against any and all Losses that any Company Indemnity may hereafter incur in connection with any action, claim, dispute, demand, or right of action, whether in law or in equity, of every kind and character ("Claim") arising out of, or resulting from (either directly or indirectly) any of the following: (a) any bodily injury, including death, to any person other than an employee of Buyer, or any damage or destruction of any tangible third party property, to the extent caused by Seller, its directors, officers, employees, agents (including, any subcontractors of Seller), suppliers, or anyone for whose acts Seller is liable ("Seller Responsible Party"); (b) any defect in any equipment, goods, components, materials or products furnished, sold or otherwise provided by Seller to Buyer (c) any actual or alleged non-compliance with law by any Seller Responsible Party any actual or alleged infringement, misuse, derogation, or violation of any third party intellectual property rights except to the extent that such Claim is based on Seller's manufacture of goods in accordance with Buyer's detailed designs or specifications or (d) any lien or claim by any subcontractor of Seller.
13. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the making, performance or interpretation thereof, including without limitation alleged fraudulent inducement thereof, shall be settled by binding arbitration in the County of Orange, California, by one arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any arbitration award may be entered in any court having jurisdiction thereof. The prevailing party in any proceedings instituted by either party regarding a dispute concerning the Purchase Order, including the Terms and Conditions, shall be entitled to recover its reasonable attorney's fees, costs, and expenses.
14. Changes: Buyer reserves the right at any time to make written changes in anyone or more of the following: (a) specifications, drawings and data incorporated in this contract where the items to be furnished are to be specially manufactured for Buyer; (b) methods of shipment or packing; (c) place of delivery; (d) time of delivery; (e) manner of delivery; or (f) quantities.
15. Notices. Notices and communications under the Purchase Order shall be deemed given to either party at the address set forth on the Purchase Order: (a) upon the expiration of five (5) business days after the date of deposit in the U.S. mail if sent by registered mail, return receipt requested; or (b) upon the next business day if sent by recognized overnight supplemental delivery service; (c) the same business date if notice is delivered personally or (d) upon electronic confirmation of transmission if sent by facsimile.
16. Assignment. Seller may not assign transfer or subcontract the Purchase Order or any interest herein or any rights or duties hereunder without the prior written consent of Buyer.
17. Force Majeure. Neither party shall be liable in damages for any failure due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, quarantine restrictions, strikes, or freight embargoes.

18. Governing Law. The Purchase Order shall be interpreted and construed in accordance with the laws of the State of California.
19. Affiliates. Any right, cause of action claim for relief or remedy granted to Buyer herein shall extend without exception to any entity that controls, is controlled by, or is under common control with Buyer.
20. Entire Agreement. This Purchase Order, including these Standard Terms and Conditions and all attachments, specifications, and, where applicable, any written agreement signed by Buyer and Seller, constitutes the complete and final agreement between the parties and supersedes all prior negotiations and agreements between the parties concerning its subject matter.