

SPUTTERING COMPONENTS, INC.
GENERAL TERMS AND CONDITIONS OF SALE

1. ACCEPTANCE OF PURCHASE ORDERS

Seller's acceptance of any purchase order issued by Buyer shall be expressly limited to the terms and conditions set forth below and any others expressly set forth or referenced in Seller's Acknowledgment form. Any additional or different terms set forth or referenced in Buyer's purchase order are hereby objected to by Seller and shall not be deemed a part of any resulting order. Buyer's purchase orders shall be deemed accepted only after Seller's Acknowledgment form is executed by an authorized official of Seller and shall not be construed to be accepted by any other action of Seller including, but not limited to, commencement of performance.

2. DELIVERY

Seller shall make reasonable efforts to meet the proposed delivery schedule, however, Seller shall not be held in default of performance for any delay in delivery of goods when such delay is directly or indirectly caused by or in any manner arises or results from fire; flood; accident; riot; war; government interference, rationing, allocations or embargoes; strikes or shortage of labor; delays in delivery or inability to deliver by Seller's suppliers; or other causes (whether or not similar in nature to any of those specified) beyond the control of Seller. After such causes have been remedied, Seller shall make and Buyer shall accept deliveries under the purchase order. The delivery dates set out in the purchase order shall be extended by a period equal to the time of delay.

3. PACKING AND SHIPPING

Seller shall pack and ship all goods in accordance with standard commercial practices.

4. INCOTERM, TITLE, AND RISK OF LOSS

The standard shipment term is FCA. Seller is responsible for making the goods available at the seller's premises. Buyer bears the full risk from seller's premises to destination. Title for the goods will pass to buyer upon full receipt of payment.

5. INSPECTION AND ACCEPTANCE

All goods shall be subject to final inspection and acceptance at buyer's plant. All goods are deemed accepted by the buyer unless written notification is received within 30 days of shipment. Final inspection and acceptance by Buyer shall be conclusive except for latent defects, fraud or such gross mistakes as amount to fraud.

6. PAYMENT

Buyer shall remit payment as stipulated in the quoting process and indicated in the confirmed sales order. All payments shall be in the legal currency of the United States unless otherwise specified on the quotation. Seller intends to conduct a credit check on Buyer at the time a purchase order is received by Seller. If Seller reasonably determines in its sole discretion that Buyer fails to qualify for the above payment terms at any time, then Seller may without notice to Buyer withdraw credit terms or modify credit terms to include guarantees or other forms of security. Account details for wire transfer by EFT and Non-EFT are available upon request.

7. TAXES

Any and all taxes, assessments, or duties which may be imposed upon the production, shipment, installation, or sale of the goods covered hereby shall be the sole responsibility of, and shall be paid by, the Buyer.

8. WARRANTY

2-YEAR SERVICE GUARANTEE - For all products bearing the SCI 2-Year Guarantee Logo:

SCI will, at its option, repair or replace free of charge including return shipment at the lowest cost transportation prepaid, all goods manufactured by it and bearing its nameplate, which are not free from defects in workmanship or material under normal use and service. Normal use and service is defined as use conforming to all the conditions specified in the product manual. When approved by Seller, such goods shall be returned transportation prepaid to SCI within two (2) years after the date of original product shipment. All returned items or claims for warranty replacement must be identified by the component serial number and nature of the defect. If inspection by Seller does not disclose any defects within the above warranty period, SCI's regular repair charges will apply. In the case of goods modified or repaired by SCI after the initial 2-year warranty period, the foregoing paragraph shall be applicable for a period of one-year and will apply only to the modified or repaired parts. Any attempt by Buyer or Buyer's customer to repair goods in a manner not authorized by SCI, or use of the product in a manner inconsistent with the product manual will void this warranty. In addition to the above, SCI warrants that all wear parts will not require service by the customer for a period of two years from the original date of shipment. If a wear part is found to require replacement during the first two years of normal use, SCI shall provide replacement parts to the customer at no charge.

STANDARD WARRANTY PRODUCTS:

SCI will, at its option, repair or replace free of charge including return shipment at the lowest cost transportation prepaid, all goods manufactured by it and bearing its nameplate, which are not free from defects in workmanship or material under normal use and service. Normal use and service is defined as use conforming to all the conditions specified in the product manual. When approved by Seller, such goods shall be returned transportation prepaid to SCI within one (1) year after the date of original product shipment. All returned items or claims for warranty replacement must be identified by the component serial number and nature of the defect. If inspection by Seller does not disclose any defects within the above warranty period, SCI's regular repair charges will apply. In the case of goods modified or repaired by SCI after the initial 1- year warranty period, the foregoing paragraph shall be applicable for a period of one-year and will apply only to the modified or repaired parts. Any attempt by Buyer or Buyer's customer to repair goods in a manner not authorized by SCI, or use of the product in a manner inconsistent with the product manual will void this warranty.

MAGNET BAR WARRANTY 5-YEAR LIMITED –

In addition to the above standard warranty, SCI warrants that its magnet bar products will be free from leaks for a period of 3-years from the date of original shipment. SCI will repair or replace, at its option, all magnet bar products found to be defective as a result of water leakage. For products found to be defective after more than 3, but less than 5 years from original shipment date, the repair charges shall be pro-rated. ALL STATUTORY AND IMPLIED WARRANTIES (INCLUDING IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE EXCLUDED, EXCEPT WARRANTY OF TITLE. The foregoing provisions are in lieu of all other warranties, guarantees, obligations, or liabilities, and constitute Seller's sole obligation with regard to delivered goods. In no event shall Seller be liable for special, indirect, or consequential damages, nor shall any warranty be construed as a condition.

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9. CHANGES

No changes or modifications of any kind (whether oral, written, express or implied, whether deemed to be within or outside the general scope of this order) shall be valid unless stated in a formal written amendment to this order signed by authorized representatives of the Buyer and Seller.

10. CANCELLATION

No purchase order accepted by Seller may be canceled by the Buyer except by mutual agreement of the Buyer and Seller as evidenced by a written purchase order amendment signed by both parties.

11. LIMITATION OF LIABILITY

IN NO EVENT WILL SELLER BE LIABLE FOR ANY INCIDENTAL DAMAGES, CONSEQUENTIAL DAMAGES, SPECIAL DAMAGES, INDIRECT DAMAGES, LOSS OF PROFITS, LOSS OF REVENUES, OR LOSS OF USE, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. SELLER'S LIABILITY FOR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT IS LIMITED TO THE CONTRACT PRICE FOR THE SPECIFIC PRODUCT OR SERVICE THAT GIVES RISE TO THE CLAIM. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THESE LIMITATIONS AND EXCLUSIONS WILL APPLY REGARDLESS OF WHETHER LIABILITY ARISES FROM BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), BY OPERATION OF LAW, OR OTHERWISE. WAIVER

The failure of Seller to enforce any applicable provision of these terms and conditions, or to require at any time performance by Buyer of any provision or obligation hereof, shall in no way be construed to be a waiver of such provision, nor in any way effect the validity of this purchase order or any part hereof, or the right of Seller thereafter to enforce each and every provision.

12. SECURITY INTEREST

Seller reserves a security interest in all goods, all additions and accessions thereto and all replacements, products and proceeds thereof to secure payment of Buyer's obligations. Such security interest is retained until Buyer's obligations are paid in full. Both parties agree that Seller may file this purchase order or Financing Statement pursuant to the Uniform Commercial Code or other applicable law to evidence or perfect Seller's security interest in the goods. At Seller's request, Buyer shall join with Seller in executing such Financing Statement.

13. ASSIGNMENT

Neither the rights nor the duties of either party under this Agreement may be assigned, in whole or in part, by either party without having first obtained the prior written consent of the other party. Any attempted assignment or delegation without such consent shall be void. Notwithstanding the above, Seller may, upon notice to Buyer, assign this agreement to any person, firm, or corporation with which Seller may merge or consolidate or to which Seller may assign substantially all of its assets and Seller may assign rights to payments due or to become due hereunder.

14. PROPRIETARY INFORMATION

All information including, but not limited to, drawings, prints, publications, specifications, processes, manufacturing techniques, software products and programs (in object code or any other form), and other intellectual property, obtained by Buyer from Seller prior to and during the performance of this order which is identified as proprietary by Seller shall be received in confidence by the Buyer and shall remain the property of Seller. Such information shall not be reproduced, used, or disclosed to any third party by Buyer without the prior written consent of Seller. Seller shall own all rights and interest in any intellectual property developed as a result of this order.

15. PUBLICITY

Seller must approve in writing, prior to release, all press releases and any other public statements concerning this Agreement or its contents.

16. DISPUTES

Both parties shall use their best efforts to resolve all disputes arising out of or related to this Agreement as expeditiously as possible. In the event that a mutual settlement is not made, the matter in question shall be settled by arbitration in the State of Minnesota, U.S.A., under the then current rules of the American Arbitration Association. The arbitration shall be conducted in the English language and shall be conducted by a single arbitrator who shall be appointed by the American Arbitration Association. The arbitrator shall be knowledgeable of commercial business transactions and electronics systems and shall follow the substantive rules of the State of Minnesota, U.S.A. without recourse to its conflict of laws provisions. The decision and award of the arbitrator shall be accompanied by findings of fact and a statement of reasons for the decision and shall be final and binding upon the parties and the award so rendered may be entered and enforced in any court of competent jurisdiction thereof.

17. ORDER OF PRECEDENCE

If the various parts of this contract are inconsistent, the following order of precedence will apply:

1. These Terms and Conditions
2. Statement of Work
3. Product Specification
4. Purchase Order
5. Other documents relating to this agreement.

18. ENGLISH LANGUAGE

The English language shall be used in all documents, communications, and transactions.

19. GOVERNING LAW

This purchase order will be construed and interpreted according to the laws of the State of Minnesota, U.S.A without resort to said State's conflict of law rules.

20. ENTIRE AGREEMENT

These terms and conditions represent the entire agreement between the Buyer and Seller pertaining to the subject matter of this purchase order and shall supersede all prior oral and/or written agreements, proposals, communications, and documents.