

PRECISION WATER JET AND LASER INCORPORATED

TERMS AND CONDITIONS OF SALE

*PWJ = Precision Water Jet

1. *Effect of Buyer modification to this quotation.* The price and delivery terms in this quotation are subject to change if Buyer wishes to change any terms of this quotation.

2. *Acceptance of this quotation may be any reasonable and customary communication.* No inconsistent terms in Buyer's purchase orders, such as quantities, delivery schedules, or inconsistent printed text will have any force or effect unless specifically agreed to in writing by PWJ.

3. *Ownership title to tool and parts* subject of this contract and all accessories and components shall remain with PWJ until full payment of the Buyer of all indebtedness incurred by Buyer pursuant to this contract. Buyer also agrees to pay 1.5% per month interest on all invoices unpaid after 30 days. If Buyer further defaults in payment PWJ has the right, at its sole option, to withhold delivery of any goods to Buyer or to require C.O.D. Finally, Buyer shall pay PWJ costs of collection including reasonable attorney fees, in addition to damages, all without prejudice to such other relief available to PWJ under law.

4. *No warranties on goods.* The good sold to Buyer will be as described and no other express or implied warranties are made by PWJ including any warranty of fitness to perform any particular function unless expressly stated in this quotation. Buyer has furnished the drawings and specifications for the goods and Buyer is not relying on PWJ to select goods or engineering designs. Therefore, PWJ DOES NOT WARRANT THAT THE GOODS ARE FIT FOR ANY PARTICULAR PURPOSE AND MAKES NO WARRANTY OF MERCHANTABILITY and Buyer indemnifies and holds harmless PWJ from any claims or liability arising from any use of the goods subject of this contract.

5. *Raw materials availability.* This contract is contingent upon the availability of raw materials required for the manufacture of the goods PWJ shall not be deemed in breach of this agreement for delay in manufacture or delivery where such raw materials are unavailable. In such case, PWJ may, at its option, cancel this agreement or deliver to you its prorated share of its production.

6. *Force majeure.* PWJ will not be liable for any delay or failure in performance resulting from labor disputes, war, riot, insurrection, fire, flood, accident, storms, acts of God, or other causes beyond its control, or from PWJ's good-faith compliance with any foreign or domestic governmental law, rule, order or regulation, whether or not it later is held invalid.

7. *Buyer's request for changes.* Following acceptance of this quotation any technical, quantity, delivery or other change requested by Buyer shall be in writing and shall be construed as a request to renegotiate the contract without prejudice to the rights of PWJ under the contract.

8. *Cancellation by Buyer.* In the event Buyer cancels this contract following acceptance of this quotation. Buyer agrees to pay PWJ expenditures for raw materials, unamortized tooling, labor incurred, handling and overhead, and for all work completed to date and in progress but not yet delivered to Buyer, plus a cancellation charge of 15% of the above amount. This is without prejudice to such other and additional rights as are available to PWJ under the law.

9. *Payment terms and credit limit.* Terms stated on quotations do not consider customer's credit limit or current account standing. It is the customer's responsibility to verify their account standing. PWJ has the right to refuse terms at its discretion.

10. *Incidental Charges.* Any special packaging requirements, source inspection by Buyer on the premises of PWJ or other requirements not expressly provided for shall be subject to additional charges by PWJ.

11. *Short count.* Buyer shall be deemed to have accepted the numerical count of goods shipped unless Buyer notifies PWJ in writing of any claim for short count within 10 days of delivery to Buyer.

12. *Defects.* Buyer shall, within 30 days after delivery of goods subject of this contract notify PWJ in writing of any claimed defect in or failure of the goods to conform to the technical specifications subject of this contract. Buyer shall not, without the prior written consent of PWJ, return the goods to PWJ. If following such notice, the parties agree that there exists such a defect or failure to conform due to the fault of PWJ then at the option of PWJ; (1) the defective goods shall be returned, at PWJ's expense, to PWJ properly packaged and safe-guarded against normal transit hazards as PWJ may require for repair or replacement by PWJ, at its sole option, and thereafter returned to Buyer at PWJ's expense; or (2) the parties shall negotiate an agreed amount to be deducted from the purchase price of such goods for the repair of the goods by Buyer or other PWJ liability shall be limited to (3) three times the Quoted Process Cost per part Buyer's failure to so notify PWJ in writing of any such claimed defect or failure to conform within the above period shall constitute Buyer's complete waiver of any such claim with respect to defects of nonconformance and Buyer's release and covenant not to sue PWJ with respect to such claim.

13. *Customer supplied raw or semi-finished materials.* In the event this contract requires PWJ to perform work on raw or semi-finished materials supplied by Buyer but not purchased by PWJ from Buyer, Buyer shall supply an adequate excess to allow for machining losses. If PWJ scraps any such materials, it shall not be liable to Buyer for such scrapped materials. Buyer warrants that any raw or semi-finished materials shall be suitable for the operations intended to be performed by PWJ free of defects in workmanship and material. If found defective during processing, Buyer shall promptly deliver suitable replacements at no charge to PWJ. Buyer shall pay PWJ for all worked performed to the time when the defect was discovered.

14. *Other Indemnification.* Buyer agrees to defend at its own expense, indemnify and hold harmless PWJ from all claims of patent infringement of trade secret misappropriation arising from this performance under this contract, including damages, cost and attorney's fees.

15. *Taxes.* Prices quoted are subjected to added charges levied by any governmental taxing authority, all of which shall be paid by Buyer.

16. *Risk of Loss or damage* from any cause shall pass to Buyer upon delivery of goods to Buyer or Buyer's carrier as applicable and in the event of any such loss or damage. Buyer nevertheless shall pay PWJ the full contracted amount.

17. *Construction; modification.* This quotation upon acceptance becomes the entire understanding of the parties with respect to this subject matter and supersedes all representations or understanding relating thereto. It may not thereafter be modified verbally, but only in writing, signed by the party to be charged; and, it shall be construed in accordance with the laws of California.