

M3 PRECISION, LLC
STANDARD TERMS AND CONDITIONS OF SALE

All sales of products ("Products") by **M3 PRECISION, LLC**, a California limited liability company ("Company"), to any purchaser ("Customer"), are subject to the following terms and conditions (the "Terms").

1. WARRANTY: Company warrants that each Product sold by Company shall (a) meet, as of the date of delivery of such Product to Customer, the written specifications therefor (if any) that are accepted in writing by Company, and (b) be free from defects in materials and workmanship for a period of one (1) year following the date of delivery to Customer. EXCEPT FOR THE FOREGOING WARRANTY, COMPANY MAKES NO OTHER WARRANTY WHATSOEVER IN CONNECTION WITH ANY PRODUCT, AND HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

1.1 REMEDY. If any Product does not comply with the warranty set forth above in this Section 1, then following Customer's compliance with the return procedure described in Section 1.2, below, Company shall elect, in its discretion, either (a) to replace the Product with a conforming Product that meets such warranty, or (b) to refund the purchase price paid by Customer for the non-conforming Product. Such remedy, as elected by Company, shall be Customer's sole remedy for the failure of any Product to satisfy such warranty.

1.2 RETURN OF PRODUCT. To return any allegedly defective or nonconforming Product, Customer first must notify Company in writing, during the one-year warranty period described above, of the proposed return of the Product, and request a return merchandise authorization ("RMA") number, which Company promptly shall provide. All such return Products shall be shipped to Company (in compliance with Company's reasonable shipping instructions) freight pre-paid with the RMA number displayed on the outside of the shipping container. Company may reject any attempted return of a Product that is not made in accordance with the foregoing procedures.

2. DRAWINGS. Company (a) shall be the sole owner of all plans and drawings, and all copyrights and other intellectual property rights therein, that Company creates in the course of performing work for Customer, and (b) hereby grants to Customer a license to practice such intellectual property rights for

the purpose of using any Product that Company produces and sells to Customer.

3. QUOTES AND CHARGES. All prices quoted by the Company are (a) firm for fourteen (14) dates from the date of a quotation, and (b) F.O.B. the Company's premises in Santa Maria or Goleta, California, and (c) exclusive of taxes, insurance, transportation or special packaging. Customer shall be solely liable for all shipping Charges.

4. PAYMENT: The purchase price of all Products sold by Company to Customer shall be due within thirty (30) days following the delivery of the invoice therefor. Company may defer commencement of production until receipt of such deposit, if any, as Company may require from time to time. Any amount not paid by the due date therefor shall bear interest at a rate of 1.5% per month (*i.e.*, 18% per annum) from the due date for payment until the date on which paid in full.

5. ORDERS.

5.1 FULFILLMENT: Company agrees to satisfy all orders within 10% of the actual quantity ordered. Short deliveries (within 90% of the quantity ordered) and long deliveries (up to 110% of the quantity ordered) shall be considered fulfilled in their entirety and will be invoiced on the basis of the actual quantity delivered.

5.2 CUSTOMER SUPPLIED MATERIAL: In the event that Company must receive the customer's material in order to perform, Company does not assume responsibility for any loss or damage to the customer's material, regardless of the cause. The customer is welcomed to insure their material to protect against any potential loss or damage.

5.3 RESCHEDULES: Subject to Company's written approval, Customer may reschedule orders without penalty if the request is received more than sixty (60) days prior to the Confirmed Ship Date, except that Customer shall accept delivery of all such products which are completed at the time of rescheduling. All rescheduling requests must receive written confirmation from Company.

5.4 CANCELLATION: The Customer may not cancel, terminate, suspend performance of, or issue a hold on, any Customer order, without the prior written consent of Company. Consent, if given, shall be upon terms that will compensate Company for any loss, including, but not limited to, any work in process or any work on which service performed. Finished Goods not yet shipped as of the date of cancellation will be invoiced at the price set forth in the original order. All work in process will be invoiced at a unit price equal to the percent completed multiplied by the price of the finished good. Cancellation fees may apply.

5.5 ORDER EXPIRATION: All blanket orders must be delivered no later than 12 months following the original order date. Any ordered quantity not scheduled for delivery within 12 months from the original order date shall be considered cancelled.

5.6 CANCELLATION: If Customer cancels any purchase order prior to the completion of the order, then Customer shall pay to Company, upon demand by Company, cancellation charges equal to (a) the cost of finished Products on hand at the full unit price, (b) work in process prorated based on percentage of work completed, (c) committed raw materials purchases, and (d) all cancellation charges imposed by Company vendors by reason of Customer's cancellation. Upon request of Customer, all finished goods, work in process, and raw materials covered by these charges shall be shipped to Customer at the cost and expense of Customer.

5.7 SHIPMENTS: Unless otherwise agreed in writing, all Products shall be shipped F.O.B., Company's plant in Santa Maria or Goleta, California, by such carrier as Company may select. Title to and risk of loss shall shift to Customer upon delivery of Products to such carrier.

6. LIMITATION OF LIABILITY: In no event shall Company be liable for any indirect, special, incidental or consequential damages (including lost profits or loss of goodwill), whether based on contract, tort (including negligence), or any other legal theory, arising out of or related to any order placed by Customer or accepted by Company.

7. MISCELLANEOUS. These Terms may not be modified or amended, except by a written instrument executed by an authorized officer of Company. In the event of any conflict between these Terms and the provisions of any purchase order submitted to Company, these Terms shall prevail and govern the

rights and duties of the parties. The rights and duties of Company and Customer hereunder and under any contract resulting from acceptance of the order described on the front of this document shall be governed by and construed in accordance with the laws of the state of California. Each party hereby consents to the jurisdiction of the Courts of the State of California for all actions arising under or in connection with such order and contract, and further hereby (a) acknowledges that the purchase order for the sale of Products to Customer has been accepted and shall be performed in Santa Barbara County, California, and (b) agrees that the exclusive venue for all actions arising under or in connection with Company's sale of Products to Customer shall be the Superior Court in and for Santa Barbara County, California. If any action is commenced to construe or enforce any such order or contract, then the prevailing party in that action shall be entitled to recover its attorneys' fees and costs in that action and any action to enforce a judgment entered therein. Company shall not be liable for costs or delays occasioned by any event or circumstances beyond the reasonable control of Company, including but not limited to fires, floods, epidemics, famines, earthquakes, hurricanes and other natural disasters or acts of God; regulation or acts of any civilian or military authority or act of any self-regulatory authority; wars, terrorism, riots, civil unrest, sabotage, or theft or other criminal acts of third parties.