

STANDARD TERMS AND CONDITIONS  
FOR SALE OF GOODS

POWERTRONIX CORPORATION (hereinafter referred to as "SELLER") and the "BUYER" identified on the reverse side of this Contract of Sale hereby agree to be bound by these terms and conditions in connection with the sale of goods described on the reverse side hereof.

1. Amount and Type of Goods. SELLER agrees to sell and BUYER agrees to buy the quantity and type of goods which are described herein or which comply with written specifications submitted by BUYER and accepted by SELLER (the "Goods").

2. Price and Payment. The price of the Goods shall be as specified herein. Any deviation from quoted specifications requested by BUYER may result in price adjustments. Except as otherwise provided herein, upon acknowledgment of affirmation of the Contract of Sale by BUYER and SELLER, BUYER shall furnish a conformable, revolving, irrevocable letter of credit in favor of SELLER payable in San Mateo, California, in United States of America Dollars in the amount of the price of the Goods. The letter of credit shall provide that partial shipments against the letter of credit shall be permitted, and shall also provide that payment therefrom shall be made upon tender of the following documents either to BUYER or through customary banking channels: (1) Commercial invoice, (2) Consular invoice, if required, (3) Ocean bill of lading, or other documents of the title, in the event other arrangements of payment are made and accepted by SELLER there will be a service charge equal to two percent (2%) per month for payment made after the due date for such payment. It is agreed that under no circumstances shall SELLER be required to accept payment other than by the means and manner herein set forth. If, for any reason, payment cannot be made in accord with the terms hereof or terms agreed to in writing, BUYER shall immediately notify SELLER in writing of such fact and the reasons set forth. In such event and in addition to any other rights SELLER may have as provided by law or hereunder, SELLER shall have the option of canceling this Contract without penalty. Buyer will promptly pay all sums when due. In the event of non-payment, Buyer agrees to pay in addition to the principal amounts due, all collection charges, incurred by Seller, including charges made by a collection agent up to, but not exceeding 30% of the principal balance due and, in the event of suit, reasonable attorney's fees and court costs.

3. Taxes. Prices are exclusive of all federal, state and local excise, sales, use and similar taxes, if any. Customers purchasing for the resale within the State of California must furnish a resale certificate card. The certificate shall be signed by and bear the name and address of the BUYER, its resale permit number and shall indicate the general character of the tangible personal property sold by the BUYER in the regular course of business.

4. Delivery. The delivery of the Goods shall be made, in a single or in multiple lots, as specified herein and shall be made on or before the date specified herein, or within a reasonable time thereafter. The delivery schedule hereof shall be considered extended by a period of time equal to the time lost because of any delay which is due to causes beyond the SELLER'S control as enumerated in paragraph 18 hereof. All installments shall be separately invoiced and paid as billed without regard to future deliveries. Failure to pay for any installment when due shall excuse SELLER from making further deliveries. Delay in delivery of any installment shall not relieve BUYER of its obligation to accept remaining installments. All claims for delay shall be deemed waived unless presented to SELLER in writing within ten (10) days after delivery of each shipment. The goods shall be delivered to the place described herein.

5. Shipping. Goods are sold F.O.B. factory. Shipping, unless otherwise specified herein, will be the least expensive surface transportation as determined by SELLER. SELLER will forward documents of title to the BUYER or through customary banking channels. The price shall be paid by BUYER upon tender of delivery. It is expressly agreed that BUYER shall not be entitled to the documents of title until such time as the draft drawn against the same has been paid in full.

6. Shipment Under Reservation. It is agreed that SELLER will maintain title and the right of possession in the Goods sold until such time as payment thereof is made by BUYER.

7. Packaging. SELLER will determine the type of container and arrange for suitable packaging for domestic transport and delivery of the Goods, and charges related thereto are included in the price for the Goods set forth herein and will be paid by SELLER. Special packaging may result in additional charges to BUYER.

8. Risk of Loss. The risk of loss of the Goods shall pass to BUYER as soon as the Goods are tendered to BUYER. It is agreed that SELLER will secure, at BUYER'S expense, adequate insurance coverage equal to the selling price of the Goods sold herein and both BUYER and SELLER agree that coverage equal to the selling price of the Goods sold herein and both BUYER and SELLER agree that in the event of loss or damage to the Goods, their sole remedy shall rest with such insurance coverage without regard to a breach or default and without regard to the adequacy of the recovery of insurance proceeds.

9. Casualty to Identified Goods. In the event that the Goods covered by this contract are destroyed or damaged, in whole or in part, prior to time the risk of loss passes to BUYER, this contract shall be avoided and SELLER excused from all obligations hereunder. If the loss is partial, BUYER shall have the right to accept that portion of the Goods which conform to the written contract.

10. Warranties. BUYER, in furnishing specifications to the SELLER, agrees to hold SELLER harmless against any claims by way of infringement or the like of which arise out of compliance with the specifications. The Goods sold hereunder, when operated within specifications, are warranted to be free from defects in workmanship and materials for a period of one (1) year after date of manufacturing and this warranty shall be limited to repair or replacement of the Goods. SELLER assumes no responsibility for this design characteristics of any unit or its operation in a circuit or assembly. Except as provided herein, no other express warranty is given and no affirmation by SELLER in words or action, shall constitute a warranty. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED STATUTORY INCLUDING IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS.

11. Right of Inspection. BUYER shall have the right to inspect the Goods after delivery. Failure to give notice in writing to SELLER of any obvious defects or omissions within three (3) days after delivery shall constitute an irrevocable acceptance of the Goods.

12. Rejected Goods. In the event BUYER rejects any shipment of the goods, and elects to accept only a part thereof, it is agreed that the portion of Goods rejected shall be returned to SELLER within ten (10) business days and shall be at the expense and risk of BUYER. SELLER shall have the right in its discretion either to replace the rejected Goods or to refund the purchase price applicable thereto.

13. Termination. If BUYER violates, or is officially charged with a violation of any law, regulation or ordinance which may govern the sale, handling or disposition of any of the Goods or if BUYER becomes insolvent, or makes any assignment for the benefit of creditors, or is adjudged bankrupt, or if a receiver or trustee of BUYER'S property is appointed, SELLER may, at sole discretion, terminate this contract and may refuse to make any further deliveries. In the event that any additional customs duty or tariff shall be imposed between the date hereof and the date of arrival at the appropriate point of entry into BUYER'S country, SELLER shall have the right to terminate this contract and any further deliveries thereunder unless BUYER, shall pay such additional duties or tariffs.

14. Identification. It is specifically agreed that identification of the Goods sold shall occur when the Goods are ready for shipment.

15. BUYER'S Remedies. In the event of breach or repudiation of this contract by SELLER, BUYER'S right to damages shall be limited to the difference between the contract and the market price of the Goods, and BUYER shall not have the right to "cover" and fix damages by contracting for substitute Goods. Further, SELLER shall not be liable, under any circumstances for the cost of processing, lost profits, injury to goodwill or any incidental or consequential damages as those terms are defined in the Uniform Commercial Code.

16. Exclusive Agreement. This contract constitutes the entire contract and exclusively determines the right and obligations of the parties hereto, any prior course of dealing, custom or usage of the trade or course of performance notwithstanding, and may not be modified except by a writing signed by SELLER'S authorized agent.

17. Non-Assignability. This contract shall not be assignable or delegable by either party hereto without the written consent of the other.

18. Force Majeure. SELLER shall not be responsible for delays in delivery or any failure to deliver due to causes beyond SELLER'S control including, but not limited to acts God, war, mobilization, civil commissions, riots, embargoes, domestic or foreign governmental regulations or orders, fires, floods, strikes, lockouts and other labor difficulties, or shortages of or inability to obtain shipping space or transportation.

19. Arbitration. All controversies and claims arising out of or relating to this contract, or breach thereof, shall be settled solely by arbitration held in Foster City, California, in accordance with the rules then obtaining of the American Arbitration Association and any judgment upon any award thereon may be entered any court having jurisdiction thereof. And demand for arbitration hereunder shall be made not later than ninety (90) days after delivery of the Goods.

20. Choice of Laws. This contract, and all of the rights and obligations of the parties hereto, shall be governed by the Uniform Commercial Code as enacted and in force in the State of California on the date of this contract.

21. BUYER revisions. Any revision (including delivery dates) to this order requires a minimum of twelve (12) weeks prior written notice from BUYER. In the event of cancellation or other withdrawal of an order for any reason, and without limiting any remedy which SELLER may have as a result of such cancellation or other withdrawal, reasonable cancellation or restocking charges, minimum 3% per month, which shall include all expenses then incurred and commitments made by SELLER, shall be paid by BUYER to SELLER.