

Terms and Conditions of Sale

These Terms & Conditions apply to the sale of products and services ("Products") by Integrated Technologies Group ("Seller") and its divisions (Integrated Magnetics, CMI Integrated Technologies, and Magnet Sales).

1. **AGREEMENT.** By ordering or accepting the Products, Buyer agrees to the terms and conditions set forth herein none of which may be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized representative of Seller and delivered to Buyer. Any different or additional terms in Buyer's acknowledgment, purchase order or other document of Buyer are hereby rejected, notwithstanding any terms or conditions that may be contained therein and notwithstanding Seller's act of shipping Products.
2. **TOOLING.** Seller retains title to Tooling produced, ordered, or otherwise developed for benefit of Buyer. Seller may recoup a portion of the cost of such Tooling from Buyer, in which case Seller may grant Buyer a period of exclusive use of Tooling.
3. **QUANTITY VARIATIONS - CUSTOM ITEMS.** Unless otherwise specified in writing, any variation in quantity not exceeding 10% of the number ordered shall constitute compliance with the order and the unit price specified in the order shall apply. If the customer supplies materials or other items for additional processing, the customer shall supply 10% more than is necessary to complete the order.
4. **TECHNICAL ADVICE.** Any technical services furnished by Seller or any of its representatives or agents are believed to be reliable. However, Buyer agrees that it is not relying on that advice and it acknowledges that no warranty, express or implied, has been given concerning the accuracy of such advice. The customer assumes complete responsibility for loss, damage or liability resulting from the handling or use of any product, or from technical advice supplied by Seller or its representatives or agents.
5. **PATENTS.** Buyer agrees to hold Seller, its officers, directors, agents, shareholders, employees and contractors harmless from any claim, loss or expense, including legal fees, arising from any infringement or alleged infringement of patents, trademarks, copyright or the like caused by compliance with designs, specifications or instructions provided to Seller directly or indirectly by Buyer.
6. **TERMS OF PAYMENT.** Invoices are issued as of the date of shipment and are due and payable in lawful money of the United States of America upon issuance thereof, or within 30 days if credit terms have been extended to Buyer, unless otherwise agreed in writing. If Buyer does not make any payment on or before its due date, In the event of any litigation or arbitration to recover payments owed to Seller by Buyer, the prevailing party shall be entitled to recover its reasonable attorney's fee, collection fee, costs and expenses. All unpaid items will be charged a 1.5% per month late penalty beginning on the sixtieth (60th) day after the date of invoice, such charges not to exceed the maximum charge permitted by law.
7. **TITLE.** Title shall pass at the place from which shipment was made.
8. **DELIVERY CHARGES.** Buyer is responsible for shipping charges unless agreed to in writing, prior to receipt of order. Any delay, regardless of cause or fault, may be regarded as reason for Seller to pay for any portion of shipping charges.
9. **SCHEDULE CHANGES.** Seller will make its best efforts to deliver according the mutually agreed upon shipping schedule. Buyer may not amend shipping schedules without the prior written agreement of Seller. If work is delayed by Buyer, Seller may, at its option, demand prompt payment for work in progress in a reasonable amount that includes a reasonable profit as well as recoupment of all related direct and indirect costs and expenses.
10. **BUYER'S CANCELLATION.** Upon Buyer's cancellation of part or all of any Purchase Order subject to the terms of this Agreement, Buyer will be responsible to pay Seller for all quantities of Product(s) that are on-hand, in production, or on order by the Seller for the benefit of the Buyer, at the time of notice of cancellation. Seller shall make its best efforts to mitigate further costs by stopping production and informing Suppliers of stoppage as soon as possible. Product(s) in production will be valued and invoiced at their work-in-process value by assessing percentage complete and applying this percentage to the sales price for the Product(s). Finished products will be invoiced at the contracted sales price. Products(s) on order from Seller's Suppliers for the benefit of Buyer will be valued at Suppliers' total cost of cancellation. Buyer will not be responsible for Product(s) that are not on-hand, for Product(s) for which the manufacturing process has not yet begun, or for Product(s) on order from Seller's suppliers that have not yet been produced.
11. **BUYER'S DUTY TO INSPECT.** Buyer must immediately inspect all material for shortages, conformity with order and defects. If goods appear not to conform to the contract between Buyer and Seller, Buyer shall discontinue their use and immediately notify Seller of such condition and afford Seller a reasonable opportunity to inspect the same. Claims for shortage or deductions for erroneous charges must be presented within fifteen (15) days after receipt of the goods or they will not be allowed. No material will be taken back and credited or replaced unless arrangements for return have been made with Seller by obtaining a Return Material Authorization (RMA) number from Seller. Seller may, at its option, replace those products proven defective or allow credit for an amount not exceeding the sum of the original purchase price thereof.
12. **PERMISSIBLE VARIATIONS, STANDARDS AND TOLERANCES.** All products are produced subject to (i) tolerances and variations in respect to dimensions, weight, straightness, section surface conditions, composition, mechanical properties, internal conditions, and quality, (ii) deviations from such tolerances and variations consistent with practical testing and inspection methods and (iii) regular practices with respect to

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over and under shipments. Any representations or certifications by Seller shall be limited by the foregoing.

13. **DISCLAIMER OF WARRANTIES.** Seller warrants only that the goods are as described in catalogs and/or drawings, and no other express warranty is made. If any model or sample was shown to Buyer, such model or sample was used merely to illustrate the general type and quality of goods and not to represent that the goods would necessarily conform to the sample or model. The goods sold under this agreement are purchased by buyer "as is" and seller makes no warranty of merchantability or fitness for any particular purpose.

14. **NO LIABILITY FOR CONSEQUENTIAL DAMAGES.** Under no circumstances shall seller be liable to buyer or any other person for any special, incidental or consequential damages, including, without limitation, damages based upon lost goodwill, lost sales or profits, work stoppages, delay whether arising out of breach of warranty, breach of contract, negligence of otherwise, and in any case, Seller's liability for any and all losses and damages sustained by the buyer and others, arising out of or by reason of this contract shall not exceed the original purchase price of the products upon which liability is founded.

15. **ENFORCEMENT OF TERMS; NO WAIVER.** Any forbearance or failure of Seller to enforce any provisions of these terms and conditions or to exercise any right arising from any default of Buyer hereunder shall not affect or impair Seller's rights, and no such forbearance or failure shall be construed as a waiver of Seller's rights to act or to enforce each and every such provision.

16. **DEFAULT.** If Buyer fails to fulfill the terms of payment on any order, Seller may defer further shipments until such payments are made, or may at its option, cancel the order. Such cancellation will be treated as a Buyer Cancellation as in paragraph 10. Seller reserves the right, even after partial shipment on account of any order, to require from Buyer satisfactory security for the performance of Buyer's obligations, and refusal to furnish such security will entitle Seller to suspend shipments until such security is furnished, and, at Seller's option to cancel the order.

17. **FORCE MAJEURE.** Failure of Seller to deliver hereunder, or delay in making shipments, if occasioned by fire, explosion, flood, earthquake, war, riots, insurrection, civil disturbance, accident, storm, interruption or delay in transportation, shortage, strike or other labor dispute, inability to obtain materials and supplies, acts of government, any act of God, or any other causes of like or different character beyond Seller's control shall not subject Seller to any liability to Buyer.

18. **ARBITRATION.** All claims and disputes arising under or relating to this Agreement are to be settled by binding arbitration in the state of California or another location mutually agreeable to the parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award

as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact and shall include the assessment of costs, expenses, and reasonable attorneys' fees. Any such arbitration shall be conducted by an arbitrator experienced in engineered and manufactured products and shall include a written record of the arbitration hearing. The parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. An award of arbitration may be confirmed in a court of competent jurisdiction.

19. **TAXES.** Unless otherwise indicated, prices are exclusive of all city, state and federal taxes. Any taxes which Seller may be required to pay or collect under any existing or future law upon or with respect to the sale, purchase delivery, storage, processing, use or consumption of any of the material covered hereby, including taxes upon or measured by the receipts from the sale, thereof, shall be for the account of Buyer and Buyer shall promptly pay the amount thereof to Seller upon demand.

20. **CONFLICT WITH APPLICABLE LAW, SEVERABILITY.** No term or condition herein shall be effective or binding to the extent that it may be illegal or require an illegal action. If any provision of these terms and conditions shall be judged by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such adjudication shall not affect or modify any other provision of these terms and conditions and the effect thereof shall be confined to the provision as to which such adjudication is made.

21. **MODIFICATION.** No agreement or understanding in any way modifying the conditions of this order shall be binding upon Seller unless made in writing and approved by Seller.

22. **ENTIRE AGREEMENT.** This order, together with any attached specifications and drawings, constitutes the entire final written agreement between the parties and is a complete and exclusive statement of all of the terms of such agreement.

23. **ASSIGNMENT.** This order and Buyer's duties hereunder may not be delegated or assigned by Buyer without Seller's written consent. Any assignment attempted without such consent shall be null and void and shall effect, at Seller's option, a cancellation of all of Seller's obligations hereunder. Seller may assign this order and its interest therein to any affiliated corporation, or to any corporation succeeding to Seller's business without the consent of Buyer.

24. **INTERPRETATION.** This order shall be construed according to the laws of the State of California, and any civil actions will be taken in the County of Los Angeles. The application of the United Nations Convention on Contracts for the International Sales of Goods (1980) is excluded.