

TERMS AND CONDITIONS OF SALE  
EDJ Precision Machine, Inc. (EDJ)

EDJ agrees to provide services and materials as necessary, and the Customer agrees to pay for the services and materials provided upon the following terms and conditions.

1. Quotes. Quotes provided by EDJ (if any) are only estimates and are subject to adjustment by EDJ. Quotes provide information to the potential customer about the prices and delivery terms that would be acceptable to EDJ. Quotes do not constitute a contract offer made by EDJ.

2. Acceptance of Orders/Changes. Offers by customers (purchase orders) do not create a contract between the parties. A contract is created only if and when EDJ provides its Confirmation form which acknowledges receipt of the customer's offer, EDJ's acceptance of the proposed plans and pricing, and provides a reminder that only EDJ's Terms and Conditions of Sale will apply. Any terms & conditions in customer's offer or purchase order are not accepted, and only EDJ's terms & conditions will apply. You, the customer, are deemed to agree that only EDJ's terms & conditions apply to the contract, unless within three business days of receiving EDJ's Confirmation form you provide a written notice of objection to EDJ. Any changes or modifications to any term of this Agreement, proposed by either party, must be mutually agreed upon and expressed in a supplemental Agreement.

3. Customer's Specifications. EDJ will either manufacture a part or product based on customer's specifications, a sample provided by customer, drawings drafted by EDJ, or any combination thereof. Customer acknowledges that EDJ does not provide any engineering or metallurgical services. Whenever EDJ is asked to create a new part or is given material or equipment together with detailed written specifications, requirements or instructions as to construction or treatment, EDJ's responsibility ends with the carrying out of those instructions. The type of material, tolerances, and specifications for processing must be declared in writing prior to commencement of the work. EDJ shall have no responsibility or liability for errors in patterns and/or drawings which may be furnished to it by the Customer nor for any consequences of such errors. EDJ has only limited knowledge of the customer's intended use of the goods, has no knowledge of the industry standards that may apply to such usage, and will not investigate any such standards. Conformity of the specifications or instructions provided to any and all applicable governmental laws and regulations is the sole responsibility of the Customer. EDJ makes no performance warranties.

4. Payments. New customers will be required to pay an advanced deposit prior to EDJ beginning work, with the balance due upon completion. EDJ bills for service and materials upon completion of the work or more frequently where the project involves significant purchases or is expected to require more than several weeks for completion. The Customer agrees to pay the full amount of each interim bill or final statement within thirty (30) days of the billing date. Amounts prepaid as deposits shall be held and applied against outstanding balances. The Customer agrees to pay an interest charge of eighteen percent (18%) per annum (1.5% per month) on any outstanding balances not paid when due as agreed above. If at any time the Customer's financial responsibility shall become impaired or unsatisfactory to EDJ, advance cash payment or satisfactory security shall be made or given by Customer upon request by EDJ, and EDJ may withhold further services or deliveries until such payments or security is received.

5. Freight Charges/Risk of Loss. The Customer is responsible for paying any freight or delivery charges to or from EDJ's place of business. The acceptance of EDJ's shipments by first carrier shall constitute a delivery to Customer. EDJ's liability as to delivery ceases upon making delivery of goods or products purchased hereunder to carrier at the shipping point in good condition; the

carrier acting as Customer's agent. It is understood that the Customer will be responsible for obtaining any personal property insurance to cover risk of loss if desired.

6. Delays in Delivery. Scheduled delivery of goods or products is based upon estimated manufacturing periods which begin with receipt of all manufacturing information required by EDJ. EDJ shall be excused if performance is delayed or rendered impossible by differences with workmen, strikes, work stoppages, car shortages, delays in transportation, inability to obtain labor or materials and also by any cause beyond the reasonable control of EDJ. The time for EDJ's performance shall be extended by the period of such delay.

7. Tools, Dies and Fixtures. Unless otherwise expressly provided, any tools, dies or fixtures or machines which may be developed and/or bought for use in the production of the goods covered shall be owned by EDJ even though buyer is charged in whole or in part for the cost of such items.

8. Cancellations>Returns. Cancellations must be in writing. Customer will be responsible for any ongoing material, parts in production and labor costs associated with cancelled order. Goods may not be returned to EDJ, except for defective goods that are accepted for warranty replacement.

9. Collection Expenses/Lien. The Customer agrees to pay all reasonable costs, fees, including attorney's fees, and expenses incurred by EDJ in collecting monies due or to become due hereunder, whether or not a lawsuit is commenced. The Customer hereby grants an express mechanic's lien to EDJ on any goods or equipment to secure the amount of payments becoming due hereunder.

10. Taxes. The Customer agrees to pay any taxes levied on the sale, delivery, storage, consumption or transportation of services or materials provided. The Customer agrees to reimburse EDJ for all taxes, excise or other charges which EDJ may be required to pay to any government agency upon providing the service or upon the sale, production or transportation of any materials provided hereunder.

11. Confidentiality. EDJ will keep confidential and private any information provided by the Customer.

12. Intellectual Property Disputes. The Customer shall indemnify and hold harmless EDJ, its directors, officers, employees and agents against all loss, liability and expense, including reasonable attorney's fees, for actual or alleged infringement of any letters, patents, trademarks, or corresponding rights relating to the work performed by EDJ in accordance with patterns, specifications, instructions, designs or other information supplied by Customer.

13. Limitation on Remedies. The remedies of the Customer set forth herein are exclusive, and under no circumstances shall EDJ be liable for any consequential, incidental, indirect, special or punitive damages arising out of this Agreement or as a result of any defect or failure of any equipment, part, or treatment for any reason, whether or not such loss or damage is based on breach of contract, warranty, negligence, indemnity, strict liability or otherwise. Any action based upon a Customer's potential claim must be commenced within one year after the cause of action arises or it shall thereafter be barred.

14. Integration/Waiver/Changes. Customer acknowledges that it has read and understands each of EDJ's terms and conditions of sale. There are no conditions, agreements, or obligations between the parties which are not expressed herein. No addition to, waiver or modification of this Agreement shall be binding unless in writing and signed by EDJ. EDJ reserves the right to revise

its standard terms and conditions from time to time, so customers should review EDJ's current terms before each new Agreement.

15. Dispute Resolution. Any dispute between the parties relating to this Agreement, whether or not a contract or a tort claim or other sort of claim, shall be determined by binding and non-appealable arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted by a single arbitrator chosen by the parties, or, if the parties cannot agree upon a single arbitrator within thirty (30) days of a party giving notice to the other of a proposed choice for an arbitrator, then by a single arbitrator appointed by the Seattle, Washington office of such association. The arbitration shall be conducted through the Seattle, Washington office of such association, and shall take place at a location in King County, Washington. The arbitration costs shall be divided and borne equally by the parties. This Agreement shall be governed by and construed according to the laws of the State of Washington, exclusive of conflicts of law provisions that would permit or require the application of the laws of a different jurisdiction. The 1980 U.N. Convention on Contracts for the International Sale of Goods hereunder shall not govern the rights and obligations of the parties.

16. Customer's Risk of Use/Indemnification. Customer assumes all risks and liability for loss, damage, or injury to persons or property of Customer or others arising out of the use of possession of the goods. Customer agrees to indemnify and hold harmless EDJ, its agents, representatives, employees, officers, related companies, affiliates, successors, and assigns from any and all claims, demands, actions, damages, and liability, including attorney's fees and consequential and incidental damages arising out of any injury or death to any person or damage to any property in any way connected with the parts and/or products manufactured by EDJ.

#### WARRANTY PROVISIONS

17. EDJ's Warranty. EDJ warrants only that any parts or equipment manufactured by it and delivered hereunder will conform to the specifications. Discrepancies must be reported within 30 days of parts delivery. EDJ's liability for any non-conforming item is limited to replacement or credit at the option of EDJ. This warranty does not apply to any parts or equipment which have been disassembled, repaired, or altered by anyone other than EDJ's authorized service representatives or which have been subjected to misuse, accident, negligent or improper operation, maintenance, installation, modification or adjustment. EDJ's warranty is granted only to the original Customer, and the warranty shall become void if payment for goods provided or services rendered is in default.

18. Disclaimer of Other Warranties. EDJ MAKES NO OTHER WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER, WHETHER WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO WORKMANSHIP, SUITABILITY OF MATERIALS, MERCHANTABILITY, OR THAT THE SERVICES OR MATERIALS PROVIDED ARE FIT FOR, OR MAKE THE PRODUCT SUITABLE FOR, A PARTICULAR PURPOSE. EDJ SHALL NOT BE HELD LIABLE FOR ANY HARM RESULTING FROM APPLICATION OF THE WASHINGTON STATE PRODUCT LIABILITY ACT. NO WARRANTY IS PROVIDED FOR WORK DONE ON A BEST EFFORTS BASIS.

19. No Exceptions. No oral or written statements made by EDJ's employees or appearing in EDJ's promotional literature regarding the quality or attributes of the goods or services provided by EDJ shall be construed as a warranty thereof.

20. Notice of Deficiencies. The Customer agrees to notify EDJ of any deficiencies in the equipment, parts, materials or work provided within thirty (30) working days of the Customer's receipt of the same, and the work shall be presumed to be accepted as satisfactory by the Customer if EDJ does not receive such notice. Failure to do so shall result in a waiver of any potential claim.

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