

S/G Electronics, Inc.

Standard Terms and Conditions of Sale

1. SCOPE The Terms and Conditions ("Terms") contained herein shall apply to all quotations and offers made by, and purchase orders accepted by S/G Electronics, Inc. (S/G, or Seller). These Terms apply to all sales made by S/G. These Terms apply to all Purchasers (Buyer) of Products offered or sold by S/G. These Terms apply in lieu of any course of dealing between the parties or usage of trade in the industry. These Terms may in some instances conflict with some of the terms and conditions affixed to the purchase order or other procurement document issued by the Buyer. In such case, the Terms contained herein shall govern, and acceptance of Buyer's order is conditioned upon Buyer's acceptance of the terms and conditions herein, irrespective of whether the Buyer accepts these conditions by a written acknowledgement, by implication, or acceptance and payment of products ordered hereunder. S/G's failure to object to provisions contained in any communication from Buyer shall not be deemed a waiver of the provisions herein. Any changes in the Terms contained herein must specifically be agreed to in writing signed by an officer of S/G before becoming binding on either party.

2. PRICE, TAXES AND QUOTATIONS Prices are subject to change on thirty days notice to Buyer. Buyer acknowledges and agrees that prices of all products provided by Seller are not fixed, and are subject to change based on, but not limited to, currency fluctuations, or increases in Seller's cost of raw materials, component parts, transportation, or labor. All prices are exclusive of any present or future sales, revenue or excise tax, value added tax, turnover tax, import duty (including brokerage fees) or other tax applicable to the sale of any product. Such taxes, when applicable, shall be paid by Buyer unless Buyer provides a proper tax exemption certificate. Unless otherwise agreed to in writing by the parties, prices quoted by S/G are those current at the date of quotation and shall be subject to variation by S/G.

3. DELIVERY AND RISK OF LOSS Unless otherwise agreed in writing, all sales are FOB or ExWorks, shipping point, (Incoterms 2000), and title will transfer to buyer no later than upon receipt. Unless otherwise specified, risk of loss and title shall pass to Buyer as soon as the products have been placed with a transport agent. Since all merchandise sold is produced against a firm, or agreed-to buyer requirement, S/G may deliver parts against said requirement, even if Buyer's formal release has not been provided. Provisions for consignment, kanban, pay-on-use, or any other supplier maintained inventory must be specifically provided for in a separate agreement signed by an officer of S/G and an authorized representative of Buyer. Seller shall retain a security interest in the products until Buyer's final payment to S/G for the products.

4. PAYMENT TERMS Unless otherwise agreed in writing, Payment terms shall be net thirty (30) days from the date of invoice. Unless otherwise agreed in writing, all payments are to be in United States dollars. For sales outside of the U.S., S/G may require payment to be secured by an irrevocable letter of credit or a bank guarantee acceptable to S/G. Where payment is made by letter of credit, all costs of collection shall be for Buyer's account. In the event that S/G is required to bring legal action to collect delinquent accounts, Buyer agrees to pay reasonable attorneys fees and costs of suit.

5. NON-CONFORMING DELIVERY Buyer shall notify S/G of any visible defects, quantity shortages or incorrect product shipments within thirty (30) days of receipt of the shipment. Failure to notify S/G in writing of any visible defects in the products or of quantity shortages or incorrect shipments within such period shall be deemed an unqualified waiver of any rights to return products on the basis of visible defects, shortages or incorrect shipments, subject to Buyer's rights under Section 7.

6. ORDER CANCELLATION All merchandise provided by S/G and covered by these terms is Custom Fabricated for the Buyer, and therefore Non-cancellable and Non-returnable (NCNR). (a) Buyers Cancellation for Convenience: Buyer may cancel any order for convenience on the following terms: Buyer may terminate an Order or any part of it for its convenience by written notice to S/G. Upon receipt of notice of termination, S/G will immediately stop all work hereunder and cause any of its suppliers or subcontractors to cease such work. In accordance with the product's Lead Time specified in the Seller's quotation, Buyer will take delivery and subsequently pay for all goods which (i) are on-site at the buyer, at any warehouse waiting shipment to buyer, or in transit in accordance with Buyer's production or delivery schedule prior to S/G's receipt of the termination notice, (ii) conform to all requirements of the Order, and (iii) are free and clear of all encumbrances. For any Work-in-process that is in accordance with Buyer's production or delivery schedule prior to S/G's receipt of the termination notice, buyer agrees to pay a pro-rata percentage of completion. Buyer will also reimburse S/G for its additional specific unrecovered costs resulting from such cancellation. Buyer also shall pay promptly to S/G the costs of settling and paying claims arising out of the termination of work under S/G's subcontracts or vendors and any accounting, legal, and clerical costs arising out of the cancellation. (b) S/G's Cancellation: S/G shall have the right to cancel any unfilled order without notice to Buyer in the event that Buyer is 30 days past due on any Production order, becomes insolvent, adjudicated bankrupt, petitions for or consents to any relief under any bankruptcy reorganization statute, or becomes unable to meet its financial obligations in the normal course of business. Any order that can be cancelled or rescheduled by Buyer pursuant to paragraph 6(a) may be cancelled or rescheduled by S/G, and written acknowledgement will be provided to the Buyer.

7. LIMITED WARRANTY Except as specified below, products sold hereunder shall be free from defects in materials and workmanship and shall conform to S/G's published specifications or Buyer's specifications accepted in writing by S/G for a period of one (1) year from the date of shipment of the products. The foregoing warranty does not apply to any products which have been subject to misuse, neglect, accident or modification or which have been soldered or altered such that they are not capable of being tested under normal test conditions. S/G shall make the final determination as to whether its products are defective. S/G's sole obligation for products failing to comply with this warranty shall be, at its option, to either repair, replace or issue credit for the nonconforming product where (i) S/G has received written notice of any nonconformity; (ii) after S/G's written authorization, Buyer has returned the nonconforming product to S/G; and (iii) S/G has determined that the product is nonconforming and that such nonconformity is not the result of improper installation, repair or other misuse. Buyer is responsible for taking all reasonable actions to mitigate and minimize any claims arising from non-conforming or defective products provided by the seller. THE FOREGOING WARRANTY AND REMEDIES ARE EXCLUSIVE AND MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. S/G DOES NOT ASSUME OR AUTHORIZE ANY OTHER PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH ITS PRODUCTS. Buyer shall pass this warranty to any third-party purchaser of S/G products.

8. LIMITED LIABILITY Neither S/G nor Buyer shall be liable for incidental or consequential damages, including but not limited to, the cost of labor, requalification, rework charges, delay, lost profits, or loss of goodwill arising out of the sale, installation or use of any S/G product. If S/G has any liability for breach of contract, breach of any implied condition, warranty or representation, the aggregate liability of S/G to Buyer shall be limited in respect of any occurrence or series of occurrences to the contractual value of the products or services that are the subject of the contract.

9. GENERAL AVIATION AND LIFE SUPPORT S/G's products are not authorized for use in any application of General Aviation, or as critical components in life support devices or systems, without the express written approval of an officer of S/G. As used herein: (a) Life support devices or systems are devices which (i) are intended for surgical implant into the body, or (ii) directly support or sustain life and whose failure to perform when properly used can be reasonably expected to result in significant injury to the user; (b) a critical component is any component in a life support device or system whose failure to perform can be reasonably expected to cause the failure of the life support device or system or to affect its safety or effectiveness.

10. TOOLS Any tools, or other property of Buyer placed in S/G's custody for performance of the Order is not covered by insurance, and no risk is assumed by S/G in the event of loss or damage to such property by fire, water, burglary, theft, civil disorder, or any event beyond S/G's control.

11. CONFIDENTIAL INFORMATION Except as required by law, neither party shall use (except for purposes connected with the performance of its obligations hereunder), divulge or communicate to any third party any information of the other it knows to be confidential. All Confidential Information must be disclosed in writing and identified thereon as confidential or proprietary. Confidential Information will not include information that is, or becomes, generally available to the public other than as a result of a violation of this Section 11.

12. FORCE MAJEURE S/G shall not be liable for any damage or penalty for delay in delivery or for failure to give notice of delay when such delay is due to the elements, acts of god, acts of the Buyer, act of civil or military authority, war, riots, concerted labor action, shortages of materials, or any other causes beyond the reasonable control of S/G. The anticipated delivery date shall be deemed extended for a period of time equal to the time lost due to any delay excusable under this provision.

13. EXPORT REGULATIONS Buyer agrees to comply fully with all laws and regulations concerning the purchase and sale of products. In particular, Buyer agrees to comply with the Customs Regulations of the United States, and other nations, in so far as they apply to the sale, import, and export of products.

14. ASSIGNMENT AND SUBCONTRACTING Upon notification to, and acceptance by Buyer, S/G shall be entitled to assign its rights under the contract (in whole or in part) or to subcontract any part of the work or services to be provided under the contract as it deems necessary or desirable.

15. NOTICES Any notice hereunder shall be deemed to have been given if sent by prepaid first class mail to the party concerned at its last known address. Notice to S/G shall be to S/G Electronics, ? President, 9113 Macon Road, Cordova, TN 38016.

16. WAIVER Failure by S/G to exercise or enforce any rights hereunder shall not be deemed to be a waiver of any such right nor operate so as to bar the exercise or enforcement thereof at any time or times thereafter.

17. APPLICABLE LAW Unless otherwise agreed in writing, the terms and conditions contained herein shall be governed by and construed under the laws of the State of Tennessee, USA.