

PRECISION METAL GRINDING'S SALES TERMS AND CONDITIONS

1. Effect of Buyer modification to this quotation. The price and delivery terms in this quotation are subject to change if Buyer wishes to change any terms of this quotation.
2. No warranties on goods. The good sold to Buyer will be as described and no other express or implied warranties are made by Precision Metal Grinding including any warranty of fitness to perform any particular function unless expressly stated in this quotation. Buyer has furnished the drawings and specifications for the goods and Buyer is not relying on Precision Metal Grinding to select goods or engineering designs. Therefore, **PRECISION METAL GRINDING DOES NOT WARRANT THAT THE GOODS ARE FIT FOR ANY PARTICULAR PURPOSE AND MAKES NO WARRANTY OF MERCHANTABILITY** and Buyer indemnifies and holds harmless Precision Metal Grinding from any claims or liability arising from any use of the goods subject of this contract.
3. Raw materials availability. This contract is contingent upon the availability of raw materials required for the manufacture of the goods Precision Metal Grinding shall not be deemed in breach of this agreement for delay in manufacture or delivery where such raw materials are unavailable. In such case, Precision Metal Grinding may, at its option, cancel this agreement.
4. Force majeure. Precision Metal Grinding will not be liable for any delay or failure in performance resulting from labor disputes, war, riot, insurrection, fire, flood, accident, storms, acts of God, or other causes beyond its control, or from Precision Metal Grinding's good-faith compliance with any foreign or domestic governmental law, rule, order or regulation, whether or not it later is held invalid.
5. Buyer's request for changes. Following acceptance of this quotation any technical, quantity, delivery or other change requested by Buyer shall be in writing and shall be construed as a request to renegotiate the contract without prejudice to the rights of Precision Metal Grinding under the contract.
6. Cancellation by Buyer. In the event Buyer cancels this contract following acceptance of this quotation. Buyer agrees to pay Precision Metal Grinding expenditures for raw materials, unamortized tooling, labor incurred, handling and overhead, and for all work completed to date and in progress but not yet delivered to Buyer. This is without prejudice to such other and additional rights as are available to Precision Metal Grinding under the law.
7. Incidental Charges. Any special packaging requirements, source inspection by Buyer on the premises of Precision Metal Grinding or other requirements not expressly provided for shall be subject to additional charges by Precision Metal Grinding.
8. Defects. Buyer shall, within 30 days after delivery of goods subject of this contract notify Precision Metal Grinding in writing of any claimed defect in or failure of the goods to conform to the technical specifications subject of this contract. Buyer shall not, without the prior written consent of Precision Metal Grinding, return the goods to Precision Metal Grinding. If following such notice, the parties agree that there exists such a defect or failure to conform due to the fault of Precision Metal Grinding then at the option of Precision Metal Grinding; (1) the defective goods shall be returned, at Precision Metal Grinding's expense, to Precision Metal Grinding properly packaged and safe-guarded against normal transit hazards as Precision Metal Grinding may require for repair or replacement by Precision Metal Grinding, at its sole option, and thereafter returned to Buyer at Precision Metal Grinding's expense; or (2) the parties shall negotiate an agreed amount to be deducted from the purchase price of such goods for the repair of the goods by Buyer or other Precision Metal Grinding liability shall be limited to (3) three times the Quoted Process Cost per part Buyer's failure to so notify Precision Metal Grinding in writing of any such claimed defect or failure to conform within the above period shall constitute Buyer's complete waiver of any such claim with respect to defects of nonconformance and Buyer's release and covenant not to sue Precision Metal Grinding with respect to such claim.
9. Customer supplied raw or semi finished materials. In the event this contract requires Precision Metal Grinding to perform work on raw or semifinished materials supplied by Buyer but not purchased by Precision Metal Grinding from Buyer, Buyer shall supply an adequate excess to compensate for scrap (nonconformance) losses, caused by the raw materials supplied. If Precision Metal Grinding scraps or deems nonconforming any such materials, it shall not be liable to Buyer for such scrapped or nonconforming materials. Buyer warrants that any raw or semi-finished materials shall be suitable for the operations intended to be performed by Precision Metal Grinding free of defects in workmanship and material. If found defective during processing, Buyer shall promptly deliver suitable replacements at no charge to Precision Metal Grinding. Buyer shall pay Precision Metal Grinding for all work performed to the time when the defect was discovered.
10. Other Indemnification. Buyer agrees to defend at its own expense, indemnify and hold harmless Precision Metal Grinding from all claims of patent infringement of trade secret misappropriation arising from this performance under this contract, including damages, cost and attorney's fees.
11. Taxes. Prices quoted are subjected to added charges levied by any governmental taxing authority, all of which shall be paid by Buyer.
12. Risk of Loss or damage from any cause shall pass to Buyer upon delivery of goods to Buyer or Buyer's carrier as applicable and in the event of any such loss or damage. Buyer nevertheless shall pay Precision Metal Grinding the full contracted amount.
13. Precision Metal Grinding reserves the right to refuse service to anyone.

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14. Construction; modification. This quotation upon acceptance becomes the entire understanding of the parties with respect to this subject matter and supersedes all representations or understanding relating thereto. It may not thereafter be modified verbally, but only in writing, signed by the party to be charged; and, it shall be construed in accordance with the laws of California.

IN THE EVENT THAN A CUSTOMER PROVIDES ITS PROPERTY (EXTERNAL PROVIDER) FOR USE OR INCOPORATION INTO PRECISION METAL GRINDING'S PRODUCT AND SERVICES THE FOLLOWING REQUIREMENTS MUST BE MET, AS APPLICABLE

- QC1. The Processes, products and services to be provided including the identification of relevant technical data, such as specifications, drawings, process requirements, work instructions and part numbers;
- QC2. The approval of products, services, methods, processes, equipment and the release of products and services;
- QC3. Competence, including any required qualification of persons;
- QC4. External provider interactions with Precision Metal Grinding;
- QC5. Control and monitoring of external providers' performance;
- QC6. Verification or validation activities that Precision Metal Grinding or its customer intends to perform at the external providers' premises;
- QC7. Design and development control;
- QC8. Special requirements, critical items or key characteristics;
- QC9. Test, inspection and verification (including production process verification);
- QC10. The use of statistical techniques for product acceptance;
- QC11. The need to implement a quality management system;
- QC12. The need to use customer-designated or approved external providers, including process sources;
- QC13. The need to notify Precision Metal Grinding of nonconforming processes, products or services and obtain approval for their disposition;
- QC14. The need to prevent the use of unapproved parts;
- QC15. The need to notify Precision Metal Grinding of changes to processes, products or services, including changes of external providers or location of manufacture, and obtain their approval;
- QC16. The need to flow down to their external providers applicable requirements including customer requirements;
- QC17. The need to provide test specimens for design approval, inspection/verification, investigation or auditing;
- QC18. The need to retain documented information, including retention periods and disposition requirements;
- QC19. The right of access by Precision Metal Grinding, their customer and regulatory authorities to the applicable areas of facilities and to applicable documented information;
- QC20. Ensuring that persons are aware of their contribution to compliance and product safety and of the importance of ethical behavior.