



Standard Terms and Conditions

1. PRICE: All prices are based on shipments made FOB Seller's shipping point. Prices are subject to change without notice and invoicing will be based on prices agreed to or in effect at the time of order placement. Price quotations shall remain in effect for the period of time specified in the quotation. Unless specifically included in the price quotation, prices will not include supplying pre-production or evaluation samples. Additional testing services are available for an additional charge if needed. Non-recurring engineering charges (NRE) cover engineering time to incorporate Bifrost Engineering's Intellectual Property into a solution addressing the customer's requirements. This fee does not imply transfer, license, or assignment of Bifrost Engineering's Intellectual Property rights to the Buyer, their customers, or any third party.

2. BLANKET ORDERS: Blanket orders may be placed but will be assumed to be complete within eighteen (18) months, unless negotiated in writing. Seller reserves the right to automatically ship and invoice the balance at the end of the eighteen (18) months.

3. RISK OF LOSS: Unless otherwise specifically agreed to in writing by the Seller, all sales made hereunder shall be Ex Works Seller's factory and title to products priced Ex Works Seller's factory shall pass to Buyer from shipping point.

4. PROTOTYPES: Prototypes ordered as a result of a quotation are intended for internal use by the ordering entity only and not licensed for resale to any third party.

5. PAYMENT: Domestic payment terms are net thirty (30) days from date of invoice with submission of acceptable credit references. International payment terms are prepayment with receipt of purchase order from Buyer, unless otherwise agreed in writing. A one and one-half percent (1.5%) service charge will be added for every month or part of a month that the amount due remains unpaid after its due date. Wire transfers are subject to a transfer fee.

6. DELIVERY: Seller shall use its best efforts to make deliveries in the quantities and at the times specified in Buyer's purchase order. Unless the Buyer specifies shipping instructions, shipment and delivery will be made by the carrier and in the manner designated by the Seller. Seller shall not be liable for delays or defaults in deliveries due to causes beyond Seller's control and without its fault or negligence.

7. INSPECTION: Buyer shall perform incoming inspection and testing on a statistical basis or as otherwise necessary to monitor the quality of the products shipped hereunder. Buyer may reject those products or samples that do not meet specifications, provided however that any such inspection or testing performed by the Buyer hereunder must be done within thirty (30) days of the receipt of any shipment. Buyer's failure to perform as specified herein shall result in a waiver of his right to rejection for performance specifications.

8. WARRANTY: For a period of twelve (12) months from shipment, Seller warrants that upon delivery, good title to the products included hereunder, free and clear of all liens of whatsoever kind or nature will vest in the Buyer and that the products delivered will be of the kind designated or specified; provided however, that if the Seller supplies, and the Buyer approves samples, then,

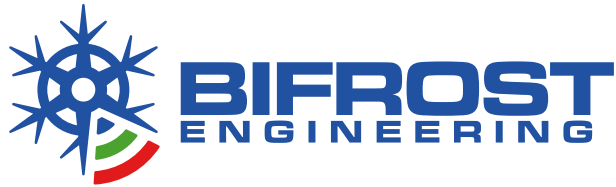


in lieu of all other warranties, Seller warrants that the products delivered will conform within reasonable tolerances to such samples. Seller warrants for workmanship or material defects to be repaired or replaced at Seller's sole discretion. Once Buyer installs product into a finished good, this VOIDS the seller's warranty. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE UNLESS OTHERWISE SPECIFICALLY STATED IN WRITING BY SELLER, AND THAT DETERMINATION WILL TAKE PLACE WITHIN 30 DAYS.

9. DAMAGES: Seller will replace any product furnished hereunder that is found to be defective or otherwise fails to conform to the terms and conditions included herein or, and at Seller's option, Seller will repay the price paid for such product, plus any transportation charges paid by Buyer to return the product. Claims hereunder must be made in writing to the Seller within thirty (30) days of the receipt of any shipment by the Buyer. Upon receipt of any notice of claim as provided hereunder, Seller shall be given a reasonable time within which to investigate the Buyer's claim and to cure all defects. Buyer's legal remedies with respect to any products furnished by Seller hereunder that are found to be defective or otherwise fail to conform to the terms and conditions included herein, shall be limited exclusively to the right to replacement thereof or to repayment of the purchase price, as provided above. No legal action shall be commenced against Seller with respect to the liability of Seller hereunder more than twelve (12) months after the occurrence alleged to give rise to such liability. In no event shall Seller be liable to Buyer for consequential, incidental or exemplary damages, including but not limited to, loss of profit or revenue, loss of use of machinery or equipment, downtime costs or claims of Buyer's customers for damages.

10. PATENTS: Seller shall indemnify Buyer for all direct and actual damages recovered from Buyer by a third person in any legal proceedings for infringement of United States Letters Patent by the products furnished hereunder, provided that Buyer promptly notifies Seller of the claimed infringement, permits Seller to assume the defense thereof, and cooperates with Seller with respect to such defense. If Seller elects not to assume the defense, Seller shall also indemnify Buyer for all expenses incurred in the defense of such infringement action. In the event products furnished hereunder are produced under specifications of Buyer, no liability under this paragraph shall arise against Seller. In like manner, Buyer agrees to save Seller harmless from patent infringements resulting from Seller's compliance with designs and/or specifications (unless originating with Seller) now or hereafter forming a part of this contract or with specific written instructions given by Buyer for the purpose of directing the manner in which Seller shall perform this contract.

11. TERMINATION: (a) Seller shall have the right to cancel purchase orders of the Buyer in the event the Buyer fails to comply with the terms of payment specified in these terms and conditions or in any prior or subsequent purchase order included herein. (b) Except as otherwise provided herein, this order is subject to termination in whole or in part, at the election of Buyer upon delivering thirty (30) days advance written notice to Seller. Upon receipt of such termination notice, Seller shall forthwith discontinue all work and the incurring of any additional expenses relating hereto except as may be directed by Buyer in the termination notice. In such event, Buyer shall pay such amount as Seller and Buyer may agree is to be paid by reason of the termination. In the event of failure to agree upon the amount to be paid by reason of the termination, Buyer will pay to Seller and Seller agrees to accept in full payment: (i) The stipulated price with respect



to products completed in accordance with Buyer's order, (ii) Seller's cost and expense, including a reasonable allowance for profit, in connection with the unfinished work and raw materials on hand acquired for the completion of this order, and (iii) Cost or damages of completion or cancellation (as the case may be and at the election of Seller) of contracts for raw materials ordered specifically for this order. Provided that the total payments under (ii) and (iii) shall not exceed the stipulated price with respect to the same products, if finished, less the estimated cost of finishing work and unprocessed raw materials on hand acquired by Seller in connection with this order. Nothing in this paragraph shall in any way modify any other provision of these terms and conditions relating to cancellation or termination by Buyer.

12. FORCE MAJEURE: Neither Seller nor Buyer shall be liable to the other for default or delay in delivering or accepting goods hereunder if caused by an Act of God, war, mobilization, riot, strike, embargo, shortage of utility, facility, material or labor, delay in transportation, breakdown or accident, or compliance with or action taken to carry out the extent or purpose of any law or regulation. When only a part of Seller's or Buyer's capacity to perform is excused under this paragraph, Seller or Buyer must allocate production, deliveries, or receipt of deliveries among various customers or suppliers then under contract for similar products during the period when Buyer or Seller is unable to perform. The allocation must be effected in a commercially fair and equitable manner. When either Seller or Buyer claims an excuse for non-performance under this paragraph, it must give notice in writing to the other party. When an allocation has been made, notice of the estimated quota made available for Buyer or Seller, as the case may be, must be given. Should such inability to perform continue for a period in excess of sixty (60) days Seller shall not be obligated to sell, nor shall Buyer be obligated to purchase, at a later date, that portion of the goods which Seller is unable to deliver or Buyer is unable to receive or use because of any of the aforementioned causes beyond the control of the parties.

13. CHANGES: Buyer may from time to time request changes in this order, including but not limited to, changes in drawings, designs, specifications, method of inspection, method of packaging, order period, rate of shipment, method of shipment, and/or place of delivery, or other provisions contained herein, by written instruction to Seller in a change order notice or letter from Buyer's Purchasing Department. Seller shall determine whether such change causes an increase or decrease in cost or time of performance of this order and thereafter shall notify Buyer's Purchasing Department in writing within thirty (30) days from the date of receipt of such change order notice, or letter, or within such other time limit as agreed to by Buyer and Seller, and a mutually satisfactory adjustment shall be negotiated. The agreed to adjustment shall be incorporated as part of this agreement by means of a written change order notice from Buyer's Purchasing Department. Seller's failure to advise Buyer's Purchasing Department that an adjustment is necessary prior to performance of the work called for by the change order notice shall constitute Seller's agreement to conform to said change order notice without an increase in price and without charge for cost of material and/or tooling rendered obsolete and that delivery will be made as specified by this agreement. In the event that the requested change order notice is of such a nature and scope as to preclude mutual agreement between Buyer and Seller, Buyer or Seller may terminate this order. Any termination hereunder shall be considered a termination for the convenience of the Buyer and governed by paragraph 11(b) of this contract.

14. SALES AND OTHER TAXES: The purchase price does not include sales, use, excise or other taxes. Consequently, in addition to the purchase price specified herein, the amount of any present or future sales, use, excise or other tax applicable to the sale of products sold hereunder or the use of such products by the Buyer shall be paid by the Buyer or, in lieu thereof, the Buyer shall furnish Seller with a tax exemption certificate acceptable to the appropriate taxing authority.



15. GENERAL: (a) Any clause required being included in a contract of this type by any applicable law or administrative regulation having the effect of law shall be deemed to be incorporated herein. (b) No terms or conditions other than those stated herein, and no agreement or understanding, oral or written, in any way purporting to modify these terms or conditions, whether contained in Buyer's purchase or shipping release forms or elsewhere, shall be binding on Seller unless hereafter made in writing and signed by its authorized representative. All proposals, negotiations, and representations, if any, made prior to and with reference hereto, are merged herein. (c) Waiver by Seller or Buyer of any breach of these provisions shall not be construed as a waiver of any other breach.