

Standard Terms and Conditions

1. Formation of Contract:

All quotations, proposals and order confirmations made by Seller are subject to the following terms and conditions, which terms and conditions may not be varied except by a writing signed by an officer of Seller. All purchase orders are subject to Seller's approval and acceptance, and a contract for the sale of goods by Seller to Buyer is made only upon Seller's acceptance, in writing, of Buyer's purchase order. Seller's acceptance of Buyer's purchase order shall not be deemed an acceptance of any provisions of Buyer's purchase order that conflict with or add to these terms and conditions, it is expressly understood and agreed that in the event terms and conditions set forth in any order form, purchase request or confirmation of Buyer add to or conflict with these terms and conditions, these terms and conditions shall prevail and govern. Seller's acceptance is expressly conditional on assent to the additional or different terms, if any, contained herein. These terms and conditions, together with any additional written documents signed by an officer of ABI, represent the final and complete agreement between the parties and may not be modified, supplemented or waived by parole evidence, course of dealing or performance, usages of trade or custom or in any other way except in a writing signed by an officer of AB Interconnect Inc.

2. Shipment and Delivery:

The method of packing and shipment of goods sold hereunder shall be at the discretion of Seller. Seller shall not insure shipments against loss or damage unless agreed to in writing by Seller and then at Buyer's expense. Seller will make reasonable efforts to deliver in accordance with the delivery schedule appearing on the face side hereof, but shall have no liability for failure to do so. Pro rata payments will be due from Buyer as deliveries are made by Seller, if a delivery is delayed as a result of any action or inaction of Buyer, Seller may invoice Buyer for the goods as of the scheduled delivery date and may charge Buyer for warehousing and other expenses incurred because of the delay.

For foreign destinations, Buyer shall, upon request, take all actions and provide all certifications or other documents required to enable Seller to export the goods from the country of manufacture. When the goods arrive at a foreign point of entry, Buyer shall take all actions and pay all duties, taxes or other costs necessary to import the goods.

3. Risk of Loss:

For domestic destinations, Seller's obligation with respect to delivery ceases upon its tendering possession of the goods to the first common carrier at Seller's facility. Thereafter, all risk of damage, loss or delay in transportation shall be borne by Buyer. For foreign destinations, ownership, right to possession, legal title and risk of loss or damage to the goods shall remain with Seller until the shipment reaches a foreign point of entry, regardless of how the goods are shipped, to whom they are consigned, the time or method of payment, or the commercial abbreviations or other terminology used to describe the sale.

4. Inspection and Acceptance:

All goods purchased by Buyer shall be deemed inspected and accepted within ten (10) business days after receipt of shipment by Buyer. Within said ten (10) day period, Buyer must give notice to Seller in writing, by registered mail, of any claim based on the condition, quality, grade or amount of the goods, or of any claimed nonconformities with, specifications of the purchase order, indicating the basis of the claim in detail. Failure of Buyer to comply with this notice requirement shall constitute irrevocable acceptance of the goods and shall bind Buyer to pay the full invoice price of the goods. If the purchase order involves partial performances, any claim shall be asserted within said ten (10) day period of each partial performance. Claims for non-receipt of shipment must be made within twenty (20) days after receipt of invoice. If Seller has agreed to pay for any transportation charges, claims for such charges must be made within ninety (90) days after shipping date.

5. Returns:

There shall be no cancellation, revocation of acceptance or return of goods except for defects in product material and workmanship. Buyer shall obtain Seller's written consent to return goods and Seller shall have the right prior to return to inspect at Buyer's plant any goods claimed to be defective or nonconforming. Buyer shall pack, insure for shipment and immediately return such goods in as good condition as when received by Buyer. Shipping charges for returned goods will be paid by Seller only for goods repairs or replaced pursuant to warranty. Risk of loss or damage to any goods returned to Seller for adjustment shall remain with Buyer until they are received by Seller. Goods accepted by Seller on return shall be subject to a restocking/handling charge.

6. Changes:

Seller reserves the right to make process and design changes in the goods which do not adversely affect form, fit or function, without prior approval of or notification to Buyer. Buyer may request changes in process or design of the goods only if Buyer agrees to accept such changes in delivery or price which are, in Seller's judgment, reasonably necessitated thereby. Should Buyer request changes which are, in Seller's judgment, beyond the ability of Seller to produce or deliver within the schedule or for the price proposed by Buyer. Seller shall have the right to reject or cancel Buyer's purchase order and, if production on the purchase order has commenced or expenses have been incurred or commitments made as consequence thereof, Buyer shall pay reasonable cancellation charges based on Seller's costs and commitments,

7. Cancellation:

Seller may cancel Buyer's purchase order if: (i) Buyer's payments are in default or Buyer breaches any material provision hereof, (ii) any cause specified in the paragraph "Excusable Delay" makes it commercially impracticable, in Seller's judgment, to deliver the goods within a reasonable time, or (iii) Buyer becomes insolvent or the subject of a proceeding under any bankruptcy law. Such cancellation shall not prejudice Seller's rights to any amounts then due or affect any other rights Seller may have under applicable provisions of controlling law.

Buyer may cancel the remaining unfilled portion of its purchase order upon written notice to Seller and upon payment of reasonable cancellation charges invoiced by Seller, which may include the profit to be made on the cancelled portion of the purchase order. Seller shall take into account the goods already produced or in process, the expenses already incurred and the commitments already made as a consequence of the purchase order. Any cancellation of a purchase order for custom goods manufactured solely for Buyer shall be subject to a cancellation charge equal to the cost incurred by Seller for all materials, work-in-progress and finished goods, or 10% of the total purchase order value, whichever is greater. In no event will the cancellation charges exceed the purchase price of the cancelled goods.

8. Delay/Nonperformance:

Seller shall not be liable for any failure or delay in its performance or delivery of goods when such failure or delay is directly or indirectly caused by or in any manner arises or results from fire, flood, storm, earthquake or act of God, epidemic, quarantine restriction, riot, civil commotion, embargo, hostility, mobilization for war, interference by civil or military authority, domestic or foreign governmental act, regulation or ruling, strike, labor dispute, the inability of Seller to procure labor, machinery, equipment, materials or supplies, or any other similar or dissimilar cause beyond the reasonable control of Seller. In the event of such delay, Buyer shall extend the date of performance for a reasonable period of time and shall specify a revised performance date as soon as practicable.

9. Prices and Payment:

The prices stated on the face hereof apply to goods scheduled for shipment no more than twelve (12) months from the date of receipt of Buyer's purchase order by Seller. Seller reserves the right to increase its prices for later shipments upon ninety (90) days notice. Buyer shall have thirty (30) days from the date of such notice to cancel its purchase order, without charge, with respect to any goods not scheduled for shipment prior to the effective date of the price increase. All costs of shipping the goods to Buyer, including without limitation, freight, insurance (for either Buyer's or Seller's benefit) and special packing or handling shall be paid to Buyer in addition to the stated prices at the time indicated on Seller's invoice. Payment of all sums invoiced to Buyer shall be in U.S. currency. Seller shall be entitled to interest on all unpaid sums from the date at the rate of 11/2% per month or the maximum rate permitted by law, whichever is lower.

Payment terms are net 30 days from the date of invoice. Pro rata payments shall be made for partial shipments. If delivery is prevented or postponed at Buyer's request, or by reason beyond the reasonable control of Seller, then all dates of payment related to delivery shall relate instead to the date of placement of such equipment in storage. In such event (1) Seller's delivery obligations shall be deemed fulfilled and title and all risk of loss or damage shall thereupon pass to Buyer, (2) any amounts otherwise payable to Seller upon delivery shall be payable upon presentation of Seller's Invoices and its certification as to such cause, and (3) all expenses incurred by Seller for storage, inspection and insurance, shall be payable by Buyer upon submission of Seller's invoices.

10. Taxes:

Prices listed herein do not include taxes. The gross amount of any sales, property, excise, use, value-added, or other similar tax applicable to the price, sale or delivery of any goods or services furnished hereunder, or to their use by Seller or Buyer shall, at Seller's option, either be added to the prices as shown on the face thereof or be paid directly by Buyer, unless prior to shipment Buyer provides Seller with a tax exemption certificate acceptable to the taxing authorities.

11. Financial Responsibility:

If Buyer fails to fulfill the terms of payment for any shipment of goods or if Seller shall have reasonable doubt at any time as to Buyer's ability to pay for goods ordered. Seller may, at its option (i) change the terms of payment to require cash payment or satisfactory security before shipment or (ii) defer further production and shipments until satisfactory performance has been made by Buyer and Seller is satisfied as to Buyer's financial ability. If Seller requires cash payment and any amounts invoiced are not paid when due, Buyer shall be liable for interest charges at the lesser rate of 18% per annum or the maximum rate permitted by applicable law. Buyer agrees to pay all the Seller's costs and expenses of collection thereof, whether through legal proceedings or otherwise, including but not limited to reasonable attorney's fees, If Seller in its sole discretion does not approve Buyer's credit, Seller reserves the right to cancel the entire agreement or to cancel any shipment thereof.

12. Security Agreement:

Buyer hereby grants Seller a purchase money security interest in any goods sold to Buyer to secure the payment of Buyer's obligations to Seller hereunder. In the event Buyer defaults in the payment of any amount required to be paid by it, whether under the purchase order or otherwise, and the default continues for a period of ten (10) days after written notice to Buyer, all unpaid amounts owing to Seller by Buyer, whether pursuant to the purchase order or otherwise, shall become immediately due and payable, in addition to the right of acceleration of such amounts, Seller may pursue any and all remedies provided by law. At Seller's request, Buyer shall execute and deliver a financing statement covering such goods.

13. Warranties and Disclaimers:

Seller warrants to Buyer that the goods shall be free from defects in material and workmanship for a period of ninety (90) days from the date of shipment by Seller, provided that this warranty shall terminate and be of no further force or effect upon any improper storage or use of the goods. This warranty is in lieu of all other warranties, express or implied, including any warranty of merchantability or fitness for a particular purpose, freedom from the claim of any third party by way of patent or trademark infringement, or otherwise, and all such warranties are hereby expressly excluded. Buyer shall give Seller written notice of any claim for alleged breach of this warranty within thirty (30) days of following notice thereof. Failure to provide such notice shall constitute a waiver by Buyer of all claims relating to such purchase order. This warranty applies only to goods manufactured by Seller. Warranties on goods manufactured by others, if any, are assigned to Buyer by Seller (without recourse) at time of delivery. Any descriptions or the goods, drawings, specifications, samples, models or similar material, used in connection with the sale, are for the sole purpose of identifying the goods and are not to be construed as an express warranty that the goods shall conform to such description. Seller disclaims all liability, whether in contract, tort, warranty, or otherwise, to any party other than Buyer.

14. Limitation of Liability:

The sole and exclusive remedy of Buyer or any third party in respect of any claim against Seller for breach of warranty or in respect of any claim against Seller based on or relating to any claimed defect in any goods or parts sold and delivered by Seller, whether such claim is based upon contract, tort, strict liability or negligence, and whether such claim is for property damage, personal injury, commercial loss or other monetary loss, shall be at Seller's option the repair or replacement of goods or parts that Seller determines on its inspection to be defective, or, if in Seller's judgment remedying the warranted defects by repair or replacement would be commercially impracticable, Seller shall give Buyer a refund or credit in the amount of the purchase price of the defective goods or parts. Seller may require the return to a designated Seller location, at Buyer's expense, of the allegedly defective goods or parts, to establish Buyer's claim. No allowance shall be made for repairs undertaken without Seller's approval.

Seller shall not be liable for any loss or damage directly or indirectly arising from the use of goods or parts sold hereunder or for any special, incidental, or consequential damages whatsoever, in no event shall Seller be liable for any damages above the cost of replacing, or issuing a refund or credit for, any defective or unworkmanlike goods or parts thereof, whether such damages shall arise from breach of this contract, or in tort, or otherwise.

15. Confidential Information:

Buyer shall keep confidential any proprietary information provided by Seller to Buyer in connection with this agreement, including experimental goods identified "prototypes", "samples", "for engineering approval", "on consignment", "for evaluation", or terms of similar import. All information concerning such experimental goods received or generated by Buyer shall be the proprietary property of Seller and shall not be disclosed to any third party. Buyer will limit the availability of confidential information to those employees as are necessary to carry out the testing and evaluation contemplated by the parties. The providing of such experimental goods to Buyer does not convey a license, implied or otherwise, under any patent in which Seller has an interest. Buyer shall communicate to Seller the data accumulated during its testing and evaluation of such experimental goods. Buyer's receipt, use and evaluation of such experimental goods is subject to the "Limitation of Liability" paragraph.

16. Tooling:

Unless Buyer pays the full cost of special tooling and other equipment necessary to manufacture the goods, such tools and equipment shall remain the property of Seller. Seller may charge Buyer for the cost of maintenance and rework of tools and equipment owned and provided by Buyer necessary to manufacture the goods.

17. Infringement:

Buyer shall indemnify, defend and hold harmless Seller, its officers, agents and employees against any expense, loss, attorneys fees, costs, damage or liability arising out of all claims or actions for infringement of patents or copyrights, misappropriation of trade secrets or, wrongful use of designs, trademarks or trade names based on product designs or specifications supplied by Buyer.

18. Indemnification:

Buyer shall indemnify and hold harmless Seller, its officers, agents and employees against all expense, loss, attorneys fees, costs, damage or liability arising from any claim or action for defective goods where the alleged defect relates to design, labeling or manufacture specifications supplied by Buyer. At the request of Seller, Buyer shall defend at its own expense all such claims or actions, provided that Seller shall be entitled, at its election, to participate in such defense.

19. Government Authorizations:

Buyer will be responsible for the timely obtaining of all required government authorizations, including export and import licenses and exchange permits, even though such authorizations may be applied for by Seller. Buyer will assist Seller in every manner reasonably possible in securing such authorizations as may be required. Seller will not be liable if any authorization is delayed, denied, revoked, restricted or not renewed, and Buyer will not be relieved thereby of its obligations to pay Seller for its work. Buyer will not

make any disposition, by way of trans-shipment, re-export, diversion or otherwise, except as such laws and regulations may expressly permit, of U.S. origin goods purchased from Seller, other than in and to the ultimate country of destination specified on Buyers purchase order and/or declared as the country of ultimate destination on Seller's invoices.

20. Compliance with Laws:

Buyer warrants and certifies that it has complied with all applicable governmental, statutory and regulatory requirements, and will furnish Seller with such proof of compliance as may be required hereunder. If the goods are used in fulfilling a contract with the United States Government. Seller shall comply with all mandatory requirements of such contract which are applicable to Seller.

21. Corrections:

Seller reserves the right to correct stenographic errors in quotations.

22. Assignment:

Buyer shall not assign any of its rights or obligations hereunder without the prior written consent of Seller any purported assignment by Buyer without such consent shall be null and void.

23. Waiver:

Failure by Seller to insist upon strict performance of any provision hereof by Buyer shall not be deemed to be a waiver by Seller of its rights or remedies or a waiver by it of any subsequent default by Buyer.

24. Severability:

In the event that one or more provisions hereof should be held to be unenforceable in any respect this document shall be construed as if such unenforceable provision(s) had not been contained herein.

25. Choice of Law:

This agreement shall be governed by and construed under the laws of the United States of America and the laws of the jurisdiction from which Seller issues this document, without regard to the conflict of laws principles.

26. Arbitration:

Any controversy or claim arising out of or relating to this agreement, or any breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof