

STANDARD TERMS AND CONDITIONS OF SALE

By submitting any purchase order, statement of work, or other request for products or services (each, upon written acceptance by Seller, a "PO") to Staco Systems ("Seller"), you ("Buyer") accept these Standard Terms and Conditions of Sale (these "T&C", and with any PO, this "Agreement").

1. PRICES –Written quotations expire sixty (60) calendar days from the date of quotation unless withdrawn sooner. Verbal quotations expire, unless accepted in writing by Buyer and confirmed in writing by Seller, at the time they are made.
2. TERMS OF PAYMENT – Payment is due on or before the date which is thirty (30) days after the date of shipment indicated on the applicable invoice. Carrying charges of 1-1/2% per month will be due on any invoices remaining unpaid for ninety (90) days from date of shipment. Credit card payment via VISA, MASTERCARD or AMERICAN EXPRESS payment may be permitted as a convenience or required, in each case as determined by Seller in its discretion. Please contact Seller's Accounts Receivable Department for bank transfer information if needed. Invoices and advance deposits must be paid in U.S. funds. Any bank charges for handling the wire transfer by a U.S. correspondent bank must be added to the amount being transferred.
3. TITLE – Title shall be vested unto Buyer at the F.O.B. point indicated on the sales order face. Seller is not responsible for breakage, damage or loss after having obtained receipts from the transportation company. While all goods are shipped at Buyer's risk and claims must be made to the carrier, Seller shall be glad to render assistance to secure a settlement from such carrier.
4. PACKAGING - Seller warrants that all material purchased will be packaged in accordance with the best commercial methods. All special packaging requirements indicated by Buyer shall be subject to a separate quotation.
5. WARRANTY – Seller warrants that all articles ordered to specifications will conform thereto, and to the drawings, samples or other descriptions furnished by Seller, or that if not ordered to specifications, they will be fit and sufficient for the purposes intended and sufficient for the design as disclosed by Seller's specifications, and that all articles will be of good quality and workmanship and free from material defects. This warranty shall run to Buyer and/or its customers for 12 months from the date of shipment. Unless otherwise agreed in writing by Seller, "no other warranties are expressed and/or implied." Upon the expiration of the period above stated, all such liability of Seller will terminate. In no event shall Seller be liable for consequential damages.
6. CHANGES – Changes to any order issued by Buyer shall be binding upon Seller only with Seller's prior written consent. Until such consent, work will continue per the order as in effect prior to such change(s).
7. INSPECTION AND ACCEPTANCE – All work and/or manufactured products of the Seller will be inspected at Seller's plant utilizing Seller's most current methods, procedure and practices which are determined by those conditions contained in Seller's Quality Assurance Manual. Seller warrants that the procedural context of the aforementioned manual is practiced on all manufactured products to the extent deemed necessary by Seller to assure conformance to manufacturing standards and/or specifications. Material deemed by Buyer not to be in accordance with said specifications may be returned to Seller's plant within thirty (30) days thereof pursuant to receipt of Seller's authorization to return said material. However, Seller reserves the right to make final determination at its plant on all material deemed unacceptable to said Buyer. Any failure by Buyer to return material within thirty (30) days from receipt thereof shall be deemed acceptance of the work and/or manufactured products supplied and shall, except as set forth in Section 5, void all claims with respect to such work and/or manufactured products.
8. CUSTOMER/GOVERNMENT SOURCE INSPECTION SERVICE - A service charge of \$165.00 will be shown as a separate line item for each inspection lot required by Buyer or any customer

thereof, as set forth on the applicable PO. A delivery schedule of more than one lot will require an "Inspection Service Charge" for each lot. This charge is in addition to any other lot charges such as packaging, multiple destinations, etc.

9. INFRINGEMENT – Seller shall not be required to indemnify Buyer for claims or damages for patent infringement where articles are made to the design supplied by Buyer, and/or letter patents issued upon an application which is not available for public examination.
10. INDEMNIFICATION - Buyer shall defend, indemnify, and hold harmless Seller and its affiliates and their respective directors, officers, employees, shareholders, agents and successors-in-interest (collectively "Seller Indemnitees") from and against any and all third-party claims, losses, liabilities, damages, costs, penalties and interest, demands, actions, and expenses, including settlement costs and reasonable legal, accounting, and other expenses for investigation or defending any actions or threatened actions which any Seller Indemnitee may suffer or incur by reason of (a) any material breach by Buyer of this Agreement or (b) any work and/or manufactured products of the Seller that conform to Buyer's specifications as set forth in the applicable PO or otherwise.
11. NON-WAIVER – Failure of Seller to insist upon strict performance of any terms or conditions in this Agreement or any invoice is not a waiver of any continuing or subsequent default of such terms or conditions.
12. GOVERNING LAW – This Agreement shall be construed in accordance with the laws of the state of California, without regard to any conflict of laws provision of any jurisdiction. The sole and exclusive jurisdiction and venue for actions related to the subject matter of this Agreement shall be the state and federal courts located in Orange County, California.
13. EQUAL EMPLOYMENT OPPORTUNITY – Seller warrants that it shall comply in the performance of this Agreement with the provisions of EXECUTIVE ORDERS 10925 and 11114 as amended, and all rules, regulations and orders of the President's Committee on Equal Employment Opportunity.
14. DELAYS – If Seller fails to proceed with the performance of any work or manufacturing products, or to make deliveries within the time specified, in each case in accordance with this Agreement, Buyer may terminate that part thereof which has been materially delayed. Seller will not, however, be liable for damages occasioned by a delay in performance or delivery due to causes beyond Seller's control and without the fault or negligence of the Seller.
15. TERMINATION – Either Buyer or Seller may terminate this Agreement or any portion of any PO upon written notice to the other party hereto. In the event of any such termination:
 - (i) Buyer will accept delivery of and pay for, at the prices otherwise required by this Agreement, all merchandise which is completely manufactured at the time of Seller's receipt of written notice of termination and allocable to the applicable PO.
 - (ii) Buyer shall purchase at Seller's cost all tools, raw materials, labeling, works-in-process and other inventory held by Seller for the work and/or manufactured products of the Seller pursuant to the applicable PO to the extent any such materials cannot reasonably be used by Seller in its continuing operations as determined solely by Seller in its reasonable discretion, and shall pick up any such materials at Seller's manufacturing facility unless otherwise agreed by the parties. Notwithstanding the foregoing, any tools shall remain the property of Seller in accordance with Section 16.
 - (iii) Upon termination of this Agreement or any portion of any PO for any reason, (i) all amounts due to Seller pursuant to this Agreement shall become immediately due and payable, and (ii) Seller shall not be liable for incidental or consequential damages.

If Buyer does not terminate this Agreement or any portion of any PO in accordance with this Agreement but notifies Seller to stop any work, this Agreement shall be deemed terminated by Buyer upon written notice from Seller to Buyer of such deemed termination.
16. AUDIT – Seller does not consent to audit without prior negotiations.

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One Step Ahead

16. TOOLING - All tools, dies, jigs and fixtures (“tools”) which are manufactured and/or procured by Seller for use in performance of this Agreement shall become Seller’s property, unless otherwise agreed in the applicable PO.
17. Seller reserves the right to correct any and all clerical errors in this Agreement.
18. This is to certify that the merchandise listed in this document has been produced in accordance with: the Fair Labor Standards Act of 1938 (29 U.S.C. 201-219); the Walsh Healey Public Contracts Act (41 U.S.C. 35-45); the Eight Hour Law of 1912 (40 U.S.C. 324-326); the Work Hours Act of 1962 (Public Law 87-581, 76 Sta. 357-360); ASPR clauses where applicable to U.S. Government work; Executive Order No. 10925, as amended, pertaining to Nondiscrimination in Employment; Military Security Requirements; laws restraining the use of convict labor; all other federal, state and local laws; and all regulations and orders issued under any applicable law.

Notwithstanding any provision of this Agreement or any other contract to the contrary, quotations, agreements and promised shipments by Seller are contingent on fires, labor troubles, acts of war, embargo, pandemics, or any other causes beyond Seller’s control.
19. MISCELLANEOUS – These T&C and the applicable POs set forth the entire agreement between the parties hereto with regards to the subject matter hereof and thereof and supersede all other understandings, negotiations, or agreements, written or oral, with respect to such subject matter. No agreement or understanding varying or extending these T&C or any PO will be binding unless in writing, signed by a company officer or contract manager of each of Seller and Buyer and attached as an amendment or rider to the applicable PO. Conditions stated by Buyer in any PO or otherwise shall not be binding upon the Seller if in conflict with, inconsistent with, or in addition to these T&C unless expressly accepted in writing by the Seller and attached as amendment or rider to the applicable PO. Buyer may not assign this Agreement or any rights and obligations hereunder without the prior written consent of Seller.

Staco Systems, Inc
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