



Terms and Conditions OF SALE

Any sale by Aigis Mechtronics (Aigis) of goods [the "Product(s)"/]services, indicated on the reverse side hereof or attachment is expressly made conditional on the assent of the customer (hereinafter "Buyer") to these Terms and Conditions of Sale. The Buyer's acceptance of delivery of any part of the Products or services sold shall constitute such assent and a waiver of all terms and conditions in its purchase order or similar document which are different from or additional to those set forth herein.

I. PRICES AND TERMS OF PAYMENT

1.1 Unless otherwise specified by Aigis in writing, prices and terms of payment shall be those set forth in the applicable Price Schedule. Aigis reserves the right to change or withdraw prices for the Products or services it offers for sale without prior notice. Partial shipments or performance made within this period will not obligate Aigis to make further shipments or performance at these prices after the expiration of the 30-day period.

1.2 Prices are in United States dollars payable to Aigis at 1124 Louise Road, Winston-Salem, NC, 27107, unless otherwise specified by Aigis.

1.3 Unless otherwise specified by Aigis in writing, all taxes and other charges imposed by federal, state, local, or foreign governments on the manufacture, sale, shipment, import, export, or use of the Products or services shall be added to the price and billed to and paid by Buyer. Buyer shall defend, indemnify, and hold harmless Aigis from and against all liabilities for such taxes or charges and attorneys' fees or costs incurred by Aigis in connection therewith.

2. ACCEPTANCE, MINIMUM ORDER RELEASE - Any quotation or proposal is subject to change or cancellation by Aigis at any time without notice, and, in any event, expires 30 days from its date, unless otherwise indicated therein or extended in writing by Aigis. Aigis' quotation or proposal does not constitute an offer by Aigis, and any order or orders placed thereon are not binding on Aigis until Aigis' acceptance in writing from Winston-Salem, North Carolina has been sent to Buyer. The banking, negotiation, endorsement, or other use of Buyer's down payment, if any, shall not constitute acceptance by Aigis.

3. DELIVERY - Aigis shall have the right to make deliveries or perform services in installments. Partial shipments or performance will be billed as made, and payments therefor are subject to the terms of payment referenced herein. All delivery indications or completion dates are estimated and are dependent in part upon prompt receipt of all necessary information to service an order. Aigis reserves the right to allocate, in its sole discretion, inventories, production, and services when such allocation becomes necessary. In no event will Aigis be liable for any premium transportation, procurement, or other costs or losses incurred by Buyer as a result of Aigis' failure to deliver products in accordance with indicated delivery/performance schedules. Delivery shall be Ex Works (defined in INCOTERMS 2000) Seller's plant. In the event Aigis pays transportation and insurance beyond the point of shipment to the destination specified by Buyer, all such costs will be billed as a separate item on the invoice. All shipments normally will be made via the most economical method and routing consistent with service requirements as selected by Aigis.

4. PATENTS AND PATENT WARRANTY

4.1 Aigis has the right to defend, or at its option to settle, any third party claim, suit or proceeding brought against Buyer alleging an infringement of a U.S. patent by a Aigis Product sold to Buyer. Aigis shall pay, subject to the limitations hereinafter set forth, any final judgment entered against Buyer on such issue in any suit or proceeding defended by Aigis. The foregoing obligations are subject to Buyer's prompt, written notification of any such claim, suit, or proceeding, and its provision of full information and assistance to settle and/or to defend any such claim, suit or proceeding. If the Product, or any part thereof, becomes, or in the opinion of Aigis may become, the subject of any claim, suit, or proceeding for infringement of, or in the event of an adjudication that such Product or part infringes, any U.S. patent, Aigis may, at its option and its expense: (1) procure for Buyer the

right to use, lease, or sell, as appropriate, such Product or part, or (2) replace such Product or part, or (3) modify such Product or part, or (4) remove such Product or part and refund the aggregate payments and transportation costs paid therefor by Buyer less a reasonable sum for use, damage, and obsolescence. Aigis shall have no liability for, and Buyer shall indemnify, defend and hold harmless Aigis to the extent of, any infringement arising from the following: (i) the combination of such Product or part with any other Product or part whether or not furnished to Buyer by Aigis, or (ii) the modification of such Product or part, at the request of Buyer, whether or not such modification was made by Aigis, or the compliance by Aigis with any Buyer designs, specifications, or instructions or (iii) the use of such Product or part in practicing any process, or (iv) the furnishing to Buyer of any information, data, service, or application assistance. Aigis shall not be liable for any costs or expense incurred without Aigis' written authorization and in no event shall Aigis' total liability to Buyer under, or as a result of compliance with, the provisions of this paragraph exceed the aggregate sum paid to Aigis by Buyer for the allegedly infringing Product or part, exclusive of any refund under option (4) above. The foregoing states the entire warranty by Aigis, and the exclusive remedy of Buyer, with respect to any alleged patent infringement by such Product or part. In the event that Buyer is an authorized distributor of Aigis, and as a condition of sale, such warranty, subject to the terms and conditions hereof, shall be extended to the direct purchasers from such distributor of the Products covered hereby.

4.2 No sale or lease hereunder shall convey any license by implication, estoppel, or otherwise, under any proprietary or patent rights of Aigis, to practice any process with such Product or part, or for the combination of such Product or part with any other Product or part.

5. OTHER WARRANTIES, LIMITATION OF LIABILITY

5.1 Aigis warrants that all Product, at the time of shipment by Aigis, are free from defect in material or workmanship for the respective warranty periods specified in the applicable Price Schedule.

5.2 To assure conformance with operating limitations, Buyer should refer to the applicable data sheet and instruction book.

5.3 The warranty is void (i) if the Product is not operated in conformance with installation, environmental, mechanical or electrical requirements, or within thermal stress limits, or (ii) to the extent that any malfunction is the result of misuse, abuse, improper installation or application, alteration, accident, or negligence in use, storage, transportation, or handling, or if the original identification markings on the Product have been removed, defaced or altered.

5.4 The foregoing warranty is subject to Buyer's (i) promptly written claim and (ii) timely provision to Aigis of an opportunity to inspect and test the Product claimed to be defective. Such inspection may be on Buyer's premises and/or Aigis may request the return of the Product at Buyer's expense. However, Aigis shall not be responsible for packing, inspection, or labor costs in connection with the return of Product. No Product shall be accepted for warranty service that is not accompanied by a Return Authorization issued by Aigis.

5.5 The liability of Aigis hereunder or otherwise is solely and exclusively limited to replacement (new or refurbished Product), repair, or credit of the amortized purchase price, as Aigis may elect, for any Product which is returned by Buyer during the applicable warranty period, or services for which timely notice of defect has been given by Buyer, and which are found by Aigis to be subject to adjustment under this warranty.

5.6 Aigis' warranty shall not be enlarged, diminished, or affected by, and no obligation or liability shall arise or grow out of Aigis' rendering of technical advice, facilities, or services in connection with Buyer's order or the products furnished hereunder.

5.7 AIGIS MAKES NO OTHER OR FURTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY OF MERCHANTABILITY.

5.8 IN NO EVENT SHALL AIGIS BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, LOSS OF ANTICIPATED PROFIT, OR OTHER ECONOMIC LOSS OR FOR ANY DAMAGES ARISING IN TORT WHETHER BY REASON OF STRICT

LIABILITY, NEGLIGENCE, OR OTHERWISE REGARDLESS OF WHETHER IT HAS BEEN APPRISED OF THE POSSIBILITY OF SUCH.

6. INSPECTION OF PRODUCTS - Products shall be inspected by Buyer upon delivery and services, upon performance. Notice of rejection or claim for shortages, damaged Product, or other nonconformity must be submitted by Buyer to Aigis in writing within 30 days of shipment or performance and must specify the particular respects in which the delivery, Products, or services, as applicable, are nonconforming. Buyer shall have no right to exercise any remedial rights until notice of nonconformity has been given to Aigis and Aigis afforded a reasonable opportunity to cure such nonconformity, if appropriate.

7. RETURNS – Any requests for the return of Products because of "ordered in error" or "cancellation" (after shipment has been made), must be made within 30 days of shipment, or Product is otherwise deemed accepted. If approval is given by Aigis to return Product, a restocking charge will be deducted from the amount of credit issued by Aigis. ALL RETURNS MUST BE ACCOMPANIED BY A RETURN AUTHORIZATION NUMBER ISSUED BY AIGIS OR WILL BE RETURNED TO BUYER.

8. CANCELLATION, HOLD, OR STOP-WORK NOTICES - Buyer may send Aigis a cancellation, hold, stop-work, or similar notice at any time applicable to any unshipped portion of any order not involving a special or custom Product, and such notice will be accepted by Aigis subject to the following conditions:

8.1 Any hold, stop-work, or similar notice shall be treated as a cancellation notice if and when, in the opinion of Aigis, circumstances warrant such treatment.

8.2 Buyer shall pay a cancellation charge specified by Aigis which shall include adjustment of the billing price to Aigis' established price applicable to the quantity actually delivered, and may include, among other things, all costs, both direct and indirect, incurred and committed with a reasonable allowance for prorated expenses.

8.3 Aigis will be under no further obligation with respect to filling the order to which such notice applies.

9. FORCE MAJEURE – Aigis' shall not be liable for any failure in performance to the extent caused by an Act of God, outbreak of hostilities (whether or not war is declared), insurrection, riot, civil disturbance, Government Act or regulation, fire, flood, explosion, production delays, accident, theft, climatic conditions, shortage of material, strike, lockout, or trade dispute (whether Aigis' or another party's employees), third party supplier's actions, or other cause beyond Aigis' reasonable control. The period of the contract shall be correspondingly extended by the period of such delay, if deliveries/services are suspended for six months or more, Aigis may at its option, by written notice to Buyer, without liability or penalty and without relieving Buyer of its obligation to pay for any products/services which have been delivered, cancel the contract with respect to any undelivered Products/services.

10. SECURITY INTEREST - Aigis retains a security interest in those Products for which amounts remain unpaid, as of the date of delivery. Buyer shall not otherwise sell, offer for sale or otherwise encumber, nor grant any higher priority interest in these Product(s) while any portion thereof remains unpaid. Buyer appoints Aigis as its attorney in fact to prepare, sign and file or record any financing statement, applications for registration and similar papers and to take any other action deemed necessary or desirable in order to perfect Aigis' security interest. Once the Product is fully paid, Buyer may request Aigis to withdraw any financing statements previously filed hereunder.

11. BUYER'S SOLVENCY - Buyer's order shall constitute a representation that Buyer is solvent. If Aigis at any time reasonably believes that Buyer is insolvent or that Buyer's credit is impaired, Buyer shall be in material breach hereof and Aigis may, without liability to Buyer, withhold performance hereunder, change the payment terms including, without limitation, declaring all amounts to be immediately due and payable, and/or repossess products previously delivered.

12. AIGIS' DAMAGES - If Buyer wrongfully rejects or revokes acceptance of Products/services covered hereby, or fails to make any payment when due, or repudiates this order, Aigis shall have all the rights and remedies provided by law and, without limitation of the foregoing, may recover as damages, where permitted by applicable law, the price including

a late payment or interest charge from due date at one and one-half percent (1-1/2%) per month on the unpaid balance, but not to exceed the maximum rate of interest permitted by law, and any costs of collection, including reasonable attorneys' fees. As to all partially manufactured Products, Aigis may, at its option complete their manufacture, and hold Buyer responsible for their price. Upon recovery of the price, the Products shall become the property of Buyer.

13. GENERAL

13.1 No addition to, deletion from, or modification of any of the provisions of these Terms and Conditions of Sale shall be binding upon Aigis, unless made in writing and signed by a duly authorized officer or employee of Aigis. Oral statements, warranties, or representations made by any agent or employee or representative of Aigis are not authorized by Aigis and shall be of no force or effect. These Terms and Conditions of Sale are the final, complete, and exclusive statement of the terms of the agreement between Aigis and Buyer. ANY DIFFERENT OR ADDITIONAL TERMS PROPOSED BY BUYER ARE OBJECTED TO AND HEREBY REJECTED.

13.2 A waiver by Aigis of any default by Buyer or of any of these Terms and Conditions of Sale shall not be deemed to be a continuing waiver or a waiver of any other default or of any other of these Terms and Conditions of Sale, but shall apply solely to the instance in which the waiver is directed.

13.3 This agreement may not be assigned by Buyer without Aigis' written consent.

13.4 These Terms and Conditions of Sale shall be construed in accordance with the laws of the North Carolina, USA, including, where otherwise applicable, the United Nations Convention on Contracts for the International Sale of Goods. In the event of any inconsistency between the terms hereof and the provisions of such Convention, the terms hereof shall prevail. Any claims arising hereunder by either party shall be brought in an appropriate court of general jurisdiction in the North Carolina, USA, and Buyer irrevocably accepts the jurisdiction of such courts and consents to service of process by registered or certified mail at its address as it appears on the reverse side hereof or any attachment hereto.

14. PAYMENT TERMS FOR INTERNATIONAL ORDERS

14.1 Payment for the Products/services specified by Buyer's order shall be made in U.S. Dollars, through the medium of an irrevocable Letter of Credit in favor of Aigis, 1124 Louise Road, Winston-Salem, NC 27107 USA, Attn: Financial Services, confirmed by a bank located in the United States acceptable to Aigis. Unless otherwise agreed, such Letter of Credit shall be valid for a period of time sufficient to enable Aigis to receive payment in full plus thirty days, shall be for the total price of the Product/services, including any applicable transportation and insurance costs, and in a form acceptable to Aigis, and shall authorize partial payments against partial deliveries. The Letter of Credit shall provide for payment(s) to Aigis at sight upon presentation to the confirming bank of Aigis' sight draft(s) on the confirming bank for one hundred percent of the invoice value of each delivery, accompanied by commercial invoice(s) or by shipping documents.

14.2 The Letter of Credit shall permit shipment and shall permit presentation of nonnegotiable copies of bills of lading provided they are accompanied by Aigis' declaration that the originals have been mailed directly to the opening bank. All bank charges in connection with said Letter of Credit including those of the confirming bank, shall be for the account of Buyer.

14.3 Other payment terms may be negotiated between Aigis and Buyer, in which case such special payment terms shall be specified in writing and become a part of the sale agreement.

15. UNITED STATES EXPORT LAWS

15.1 Aigis' obligations are subject to the export administration and control laws and regulations of the United States. Buyer shall comply fully with such laws and regulations in the export, resale or disposition of Products.

15.2 Quotations or proposals made, and any orders accepted by Aigis from a Buyer outside the United States are with the understanding that the ultimate destination of the Products is the country indicated therein. Diversion of the Products to any other destination contrary to United States law is prohibited. Accordingly, if the foregoing understanding is incorrect, or if Buyer intends to divert the products to any other destination, Buyer shall immediately inform Aigis of the correct ultimate destination.